



Corporate Card Program Review for International Development Research Centre (“IDRC”)

Final Report

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February 2006**

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Acronym Definitions

This report uses a number of key acronyms, which are defined as follows:

Table 1

bps	Basis Point = 0.01% is a numerical response to be used in the calculation of volume rebate (or financial incentive)
CC1	IDRC's Corporate Card program #1 (known at IDRC as the "Individual Card") - where a card has been issued to an individual (usually a traveller) and the monthly payment of account is the responsibility of the individual (who seeks reimbursement from IDRC).
CC2	IDRC's Corporate Card program #2 (known at IDRC as the "Corporate Card") – primarily used for airfare purchases - where a card has been issued to an individual (usually an executive assistant, program assistant, or grant administrator) and the monthly payment of the account is done by IDRC corporately . Additionally, a small number of IDRC's purchasing staff use the CC2 business process to procure high dollar items subject to corporate payment as well.
HO	Head Office (i.e. IDRC's Ottawa office)
P-Card	Purchasing Card (or acquisition card) known in the industry as a solution for high volume/low dollar items of a miscellaneous expense nature that would otherwise be paid via invoice through Accounts Payable. Today these expenses occur on both the CC1 and CC2 cards.
RFP	Request for Proposal
Scotia	Scotiabank
T-Card	Travel expense card
T&E	Travel and Entertainment expenses
TAC	IDRC's Travel Advisory Committee

EXECUTIVE SUMMARY

Market Intelligence



Market competitive information appears throughout this report. It is not recommended this intelligence be shared with the incumbent card supplier, Scotiabank, in order to preserve a strategic advantage to IDRC in any future contract renegotiation.

Purpose and Objectives

Travel expenditures represent the 2nd largest controllable expense at IDRC, spending approximately \$10m annually. A corporate card program was implemented as part of a broader project to manage travel and entertainment expenses at IDRC. Senior Management of IDRC has concerns about the components of the travel program as a whole (e.g. the travel service delivery model, the automated expense solution), including any risks the corporate card solution may pose to the company.

Although this report focuses on the **corporate card program delivery**, it must not be taken in a singular context. Information presented in this report must be considered with the holistic travel program (including the October 2005 study of the travel reservation model). *Any changes to the program delivery should consider, and apply, the Change Management methodology suggested in the October 2005 study.*

Note re Necho NavigatER - Given the integration between the corporate Visa card and the NavigatER automated expense solution, this report necessarily contains analysis and opinions, somewhat blended at times. Although, this report does not attempt to review the expense solution itself – only the elements which pertain to the corporate card program management –key action items are outlined which may contribute to the correction of irritants which exist with the expense solution and its business processes.

Key Findings

Background - 47 employees participated in the interviews. Of these 47 participants, 9 represented foreign regional offices. These individuals, in the consultant's opinion, provided an excellent representation of the stakeholders at IDRC today, which are concerned primarily with the integration of the corporate card solution to the NavigatER expense solution.

The key findings as a result of conducting on-site interviews, analyzing internal and external factors, and exploring issues with the current program are as follows.

Strong support to continue with a Corporate Visa is evident as a result of the on-site interviews. The rebate offering in the Scotia/IDRC contract is "better than" industry average considering the volume spent on today's program. These rebates (approximately \$17k/year) are not likely to be considered material in any go-forward decisions. The Agreement also includes a provision for IDRC to "waive" its liability (to a maximum of \$100k/card) in the event of misuse. This factor was relatively unknown among senior individuals interviewed and is a market

competitive offer as it relates to card program risk management for the employer. Considering these factors, there is no evidence that moving to another corporate card supplier (e.g. CIBC, Amex, Diners, etc.) would derive additional benefit.

Strategic management and ownership of the card program is lacking. Scotiabank Visa's representation has not been proactive in understanding IDRC's needs and bringing new ideas to IDRC's program as the Scotia solution evolves. As a result, IDRC's card program today has largely been in "maintenance" mode with little strategic focus and ownership in this regard. An action plan, addressing card strategy and ownership, is suggested as part of Section 6, focusing on the following primary themes:

1. **MANAGEMENT REPORTING** - Scotiabank's management reporting solution provides robust reporting options for the purposes of commodity management, trend analysis, operational impact identification, and corporate governance. To date, little use has been made by IDRC of this important data source. Future program owners would benefit from Scotiabank's training on this software solution, and regular data mining within this solution, in order to maximize the strategic benefits it can deliver.
2. **PROCUREMENT EXPENSES** – it is not widely known at IDRC that the Visa card is recommended for non-travel expenses (e.g. supplies). IDRC will benefit from deepening its investment in the existing card solution by expanding its use for non-travel expenses. A business case should be developed to consider the benefits of expanding the program use to consumable/supply items (e.g. high volume, low dollar items). Consideration of the corporate payment of these expenses (versus individual payment) is outlined as part of the action plan. Please refer to Appendix D for a detailed card utilization analysis which indicates approximately ½ of the purchasing-related expenditures on the card program today are conducted on the CC1 cards which are individually paid – not corporately paid.
3. **TRAVEL EXPENSES** – the high dollar airfare amounts are corporately paid by IDRC and all evidence (from the interviews and from external industry evidence) indicates this is appropriate to continue. Some limited change to this business process is suggested in the action plan to address unnecessarily high dollar card limits on GAD staff cards, and the unnecessary issuance of cards to administrative assistants who may otherwise not require a card. Scotiabank's program provides a solution to "divert" these high dollar airfare (and rail) amounts to a corporately paid account. The benefits and implications of this modification to the existing card program are outlined in Sections 4 (Model #4, Table #10) and Section 5 and include considerations to potentially modify some expense business processes, which may address existing irritants both in H.O. and non-H.O. locations with respect to NavigatER.
4. **CONTRACT MANAGEMENT** – the Scotia/IDRC legal Agreement itself is of no concern, other than it should be reviewed for appropriateness in light of this report's suggested action plan. The Agreement contains no "term" or cancellation provisions, which should be added the next time this contract is subject to review or renegotiation. Given the relatively small volume charged to the corporate card at IDRC, it is unlikely

any card supplier would enter into an IDRC-authored agreement. Typically the banks provide their agreement for the client to sign and only major clients are successful in renegotiating contract clauses.

Change Management and Communications

Please refer to the October 2005 study prepared by this consultant's organization, which included a high level framework to establish success conditions for any re-launch of the managed program and its integrated components, including these suggested revisions to the card management model. The change management framework provided suggestions to be followed to establish success conditions for program adoption, given the fatigue the organization is experiencing due to the magnitude of recent changes to the travel program.

Conclusion

The IDRC Scotiabank corporate Visa card program includes positive functional and financial aspects for cardholders and IDRC. All evidence supports the program continuance with some modifications –which must be considered in conjunction with expense practices and processes.

Next Steps

A significant amount of information contained in this report has the potential to impact expense processes, specifically as it pertains to the Visa card integration to the NavigatER solution. It is recommended the subject matter experts from Scotiabank meet with IDRC specialists as a first step explore the action items easily remedied in the go-forward card solution. As mentioned at the beginning of this section, it is not recommended this report be shared with Scotia if IDRC wishes to protect its strategic advantage with the vendor in a renegotiation.

As a second step, it is recommended a working session subsequently be held with internal IDRC specialists who own the NavigatER solution (potentially with Necho experts in attendance if required), expense policy and procedural owners, and those with card program ownership. The objective of such a session would be to address any technical and business impacts discovered in Step 1 – which may provide additional information regarding the desired future state of the automated expense solution at IDRC and any operational changes required.

Any in-depth review of the NavigatER solution would be premature until these two working group meetings or “blue-sky” sessions are complete and a conclusion can be drawn with respect to the correction of irritants in the NavigatER solution as a result of the minor changes to the card program solution.

As was the case in the October 2005 travel reservation study, it is recommended TAC (and ultimately SMC) confirm the updated guiding principles (refer to Section 1.0). An executive sponsor should be identified in addition to a project manager to execute the deliverables identified by TAC (presumably including the change management framework for the program re-launch) in order to bring the managed solution – and its integrated components – to a sustainable steady state for the next 2-4 years.

1.0 INTRODUCTION

Purpose and Objectives

Travel expenditures represent the second largest controllable operational expense at IDRC. Several components of the managed travel program (i.e. the travel agency, a corporate card, and an automated expense management solution) have been implemented, but not fully endorsed by the user community. As such, the need for an independent, expert, third party review was identified by the IDRC Travel Advisory Committee (“TAC”).

Although IDRC is currently evaluating all components of its managed travel program, the focus of this review is limited in scope. This report provides an objective evaluation of various models for the provision of **corporate card program services**, while taking into account the unique culture and specialized needs of IDRC.

Information presented in this report must be considered with the holistic travel program (including the October 2005 study of the travel reservation model), and should not be implemented without the findings of the other review components and the suggested Change Management methodology outlined in this study.

IDRC’s senior management, through the October 2005 study of the travel reservation model, reviewed the pillars on which IDRC’s corporate travel management rests:

- Overall cost of service;
- Service quality;
- Traveller security;
- Travel policy compliance, and
- Consolidated management reporting.

As referenced in the October 2005 study of the travel reservations model, four guiding principles continue to be relevant and must be considered in the context of the suggested solution before any recommendations may be confirmed.

These guiding principles (as reviewed and confirmed by IDRC's senior management in December 2005) are:

Guiding Principle #1	IDRC senior management exhibits shows strong and visible support for the revised model (after having approved the solution). - This is especially true during periods of IDRC personnel turnover (e.g. travel management core team, TAC members and chairman, executive sponsor)
Guiding Principle #2	IDRC wishes to protect the \$400K in savings from Air Canada and other air/hotel/car commissions. - As the market commission revenue continues to erode and the viability of the existing Air Canada arrangement is reviewed, this guiding principle must be revisited
Guiding Principle #3	IDRC wishes to contain (or reduce over time) the effort spent by highly skilled employees in travel routing research
Guiding Principle #4	IDRC wishes to maintain an equitable balance between corporate focus and employee satisfaction

<i>Guiding Principles interpreted in the context of the Card Program Review</i>	<p>#1 – no modification</p> <p>#2 - corporate card data of airfare expenses is essential to support the reporting requirements requested by Air Canada. In the event IDRC adjusts the future service delivery model of the agency (e.g. approves the self-service model of website purchases for simple trips), the corporate card data will be essential to augment existing travel agency reports. Further, as referenced in the October 2005 study, GDS deregulation may cause fragmentation of content in 2007. Therefore, spent data on the corporate card plays a future strategic role.</p> <p>#3 – in this context, the reduction of effort spent in the administration associated with the corporate card.</p> <p>#4 – no modification</p>
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Scope – Terms of Reference

The consultant's terms of reference requested a focus on various models to offer card payment solutions to its employees. The consultant was requested to execute the work in three primary phases:

- Document review – for ramp-up and analysis
- On-site interviews – to learn and report first-hand (in a confidential format) the views of participants on the various card program management models
- Macro-level analysis of the program (i.e. situation, financial analysis, issues, etc.)

As part of this approach, the consultant was requested to bring industry expertise, benchmark information, and industry common/best practices to the review – reporting on the strengths and weaknesses of the IDRC program (in its current state), and what opportunities and threats exist as part of a corporate card program.

The scope of this review must consider the following alternatives, and consider the pros, the cons and the risks associated with each alternative – including any integration issues with respect to the other travel management program components:

- Not having charge cards (e.g. use travel advances and personal credit cards not guaranteed by IDRC)
- Continue use of existing corporate charge cards
- Modified use of existing charge cards (explaining the modifications if any)

The macro-level questions to be addressed in the review include:

- Situation analysis (includes strengths/weaknesses of current state, and other industry practices that should/should not be adopted by IDRC)
- Financial Analysis (benefits accruing to IDRC)
- Issues (operational, internal control, integration to the other travel management programs, etc.)

(a) Background Review of Relevant Documents

The following relevant documents were provided by way of background and familiarization of the current state at IDRC with respect to the Corporate Visa card program. The documents were reviewed and areas of significance are highlighted in **Key Findings** (Appendix F).

Table 2

Document	Date
Summary of Findings: Carl Chambers (Summary of T&E reengineering report - AIM)	July 2001
Corporate Card “RFP” (managed by AIM)	September 2001
Scotiabank Commercial Card Agreement	March 2002
Scotiabank Commercial Card Liability Waiver Insurance (frequently asked questions and client process information to invoke waiver)	May 2005 (current website version)
IDRC’s Corporate Card application form, and internal agreement between IDRC & the applicant	Current versions (no date)
Presentation to SMC (and minutes) – discussing Card programs and NavigatER	April 20, 2005
Travel Policy (includes corporate card expense policy)	May 10, 2005
TAC memo to SMC re Payment Process Options (recommending the discontinuance of split payments)	September 19, 2005
Scotiabank Reports – various reports for analysis conducted in this report	Current – December 2005

(b) Conduct On-site Meetings

The consultant developed an interview questionnaire (see Appendix A). Prior to executing the on-site meetings, the questionnaire was submitted for feedback from IDRC's Travel Advisory Committee ("TAC"). Approval was received, and the questionnaire was sent to interview participants in advance of the on-site meetings December 19-21, 2005. (See Appendix B for final schedule of on-site meetings published by IDRC.) The same questionnaire was also sent via e-mail to regional office participants where a telephone interview was not possible. The approach of on-site face-to-face, telephone, and e-mail response ensured full consultation with the regions, gathering their feedback in an efficient manner given their international locations. The narrative synopsis of the interviews is in Appendix C of this report.

Table 3

Interview Participant	Business Representation
Maureen O'Neill	President
Denys Vermette	Vice-President Resources Branch
Sylvain Dufour	TAC – Chair, and Director Finance & Admin
Pierre Cyr	Travel Manager
Kim Kearney	TAC Member, and Manager, Corporate Accounting
Andrew Cray	Admin. Assistant (and card coordinator)
Manon Raymond	Necho NavigatER expert
Carl Chambers	Historical Information re Card selection
Linda Waverley	Vancouver
Brian Davey, Richard Fuchs, Bill Swift, Lauchlan Munro, Gisele Morin-Labatut, Marc Redwood, Kevin Kelpin (via e-mail)	Frequent Travellers – group interviewed (7)
Veronica Suarez, Aida Sullivan, Leina Landriault, Lucie Gijon, Martine Lefebvre, Brenda Thomas, Claire Genier,	Travel Arrangers – Group Meeting (7)
Hutoxi Noble, Ida St-Martin, Karen Trebert, Maurizio Iellina, Kaye Meikle, Joan McEvoy, Celine Corsius	Travel Arrangers – Group Meeting (7)
Mano Buckshi, Eyra Edington, Roch Paquette, Jean-Francois Rioux	Grant Administration (4)
Jean Lebel, Renald Lafond	TAC Members – individually interviewed
Gail Somers and Anna Yeandle	Scotiabank – Banking relationship Manager and Commercial Card Operations Supervisor
Lucy Tran (via e-mail)	ASRO SIN - Singapore Regional Office
Connie Freeman (via telephone) Elizabeth Mbugua (via e-mail)	ESARO NBO - Kenya Regional Office
Sarwat Salem (via telephone)	MERO CAI – Cairo Regional Office Controller
Rana Auditto (via telephone) Mhadavan Rajaram / Reema Singh (via e-mail)	SARO New Delhi, Regional Controller & Office
Fama Ndiaye (via e-mail) Claude Briand (via e-mail)	WARO Dakar Senegal Regional Office
Sandra Chiapella (via e-mail)	LACRO Montevideo Uruguay

** The above reflects the final participant involvement. 47 participants in total - of which 9 participants represented the 6 foreign regions.*

2.0 SITUATION ANALYSIS

Internal and External Factors - SWOT

IDRC's current corporate VISA card program is currently split on two platforms – both of which IDRC is corporately liable. The first card platform (the CC1 program) is an individually paid program, and the second platform (the CC2 program) is a corporately paid program.

This section addresses the strengths and weaknesses of IDRC's corporate program, as well as the opportunities and threats with respect to the use of corporate cards – respecting industry practices typically adopted by other organizations.

Section 6 of this report contains a program ownership/management benchmark study of other organizations' framework for their corporate card solutions.

A high level snapshot of the current program is as follows. Data is a 12-month sample for the period ending November 2005.

It should be noted that the CC2 card platform provides three business solutions: 1) a payment vehicle for support staff who procure transportation (airfare and some train tickets) on behalf of traveling IDRC staff, most of whom hold CC1 cards — these staff generally do not travel themselves; 2) grant administration staff who procure transportation for sponsored travellers who do not hold any CC1 cards — these staff generally do not travel themselves; 3) administrative services staff (about four) who make high value purchases (more than 200 \$) on behalf of the Centre, none of which relate to travel

IDRC Corporate Visa Program - Snapshot		
Total Cardholders	Total Txn	\$ spent
322	12,254	\$7.23M
CC1 = 245	CC1 = 6,745	CC1 = \$1,739,485
CC2 = 77	CC2 = 5,509	CC2 = \$5,546,933

- Regional offices (non-H.O.) represent 21% of total cardholders and 30% of dollar volume spent.

The **strengths and weaknesses** of IDRC's VISA corporate card program, as presently implemented are:

⇒ **Strengths**

- VISA's market acceptance is high
- The vast majority of interviewees indicate strong desire to continue with a corporately issued card program (versus personal card use) and continuance of the VISA card (in favour of Amex or MasterCard)
- The financial arrangement with Scotiabank is market competitive (or slightly better), although the rebates (at approx. \$17k/year) are not likely to be considered material by IDRC
- The risk management arrangement with Scotiabank is strong, in the bank's waiver of liability offer to protect IDRC to a maximum of \$100k/card in the event of fraud or employee abuse
- Scotiabank's 3rd party reporting tool offering (reporting) is robust in its ability to contribute to business intelligence, management reporting, trend analysis, and commodity management
- CC2 cardholders generally indicate an adoption of the NavigatER solution (e.g. have gone through the change management curve and have adopted the solution positively)

⇒ **Weaknesses**

- Expense processes for the two card platforms are different (e.g. two sets of expense procedures must be communicated and trained, depending on the card platform)
- Duplication of card issuance given a CC2 must be issued to an administrative resource who may not otherwise need a card in the event the traveller has a CC1
 - Note CC2 cardholders are likely target users for a "p-card" program, therefore, card issuance to administrative resources may continue to be required in light of such a future p-card program
- The reporting tool and the benefit of its management information has gone relatively unexploited to date
- Users of the CC2 program generally indicate a nervousness of carrying a card with high monthly limits; limits which are necessary in order to incur large airfare costs
- BTI travel's profile information must be constantly maintained to ensure a 1:1 linkage between the traveller, and the CC2 to assign the airfare costs (as compared to entering a static individual card # in the traveller's profile)

The **opportunities and threats** of IDRC's VISA corporate card program, as compared to practices adopted by other organizations – and should be considered by IDRC:

⇒ **O**pportunities

- The Scotiabank Visa card is well suited for expanded use to non-travel expense items such as high volume/low dollar expense items (e.g. a “p-card” program). Many organizations clearly communicate appropriate use of the corporate card with respect to low dollar items (e.g. expenses less than \$1k) in favour of processing invoices through accounts payable where costly cheque production processes are inherent.
- A natural outcome of expanding the program for purchasing related expenses will be an improved financial arrangement with Scotiabank (but again, these rebates do not tend to be material in nature). A benchmark of expected rebates is included in Appendix E.
- Scotiabank's reporting tool “Pathway” (supplied by its 3rd party outsourced provider called “Procard”) is robust and offers additional reporting capabilities to provide information to front-line managers for decision-making purposes (as well as commodity management, trend analysis, etc.). Many organizations rely on the corporate card data (rather than travel agency or general ledger data) to base management decisions related to commodity management, employee behaviour, cost containment and savings.
- The “average transaction” is linked to Scotiabank's rebate calculation for IDRC. This “hook” is not typical in most corporate card programs -- where volume exceeds \$20m annually (i.e. the bank's threshold for “major” client considerations). Given IDRC's volume is not projected to be \$20m, it will not be possible to know if the linkage to average transaction may be removed, in order to positively impact the financial rebates, until discussions with Scotia take place.

⇒ **T**hreats

- The relationship with Scotiabank with respect to the corporate card appears to be in maintenance mode, with little fresh energy or new information being exchanged by either party (e.g. new product offerings to solve IDRC business requirements). Program ownership and active management of the card program is required at IDRC in order to strategically position the card solution to continue to meet ever-changing business requirements.
- High dollar card limits, attached to a physical card (e.g. plastic corporate card) are in the possession of administrative employees – which could otherwise be alleviated through a “non-plastic” option (e.g. the “diverted” corporate billing account).
- The current travel policy is rigid with respect to corporate card usage, and some interviewees indicate confusion with respect to procedures and/or indicate difficulty in practical use of the card (e.g. the natural occurrence of a personal expense being charged to the card). Many organizations make use of a “procedural” document attached to the doctrine in order to provide clear direction to employees with respect to receipts requirements, use of the card, governance requirements, etc.
- IDRC as an organization is generally *fatigued* as a result of significant change and communications resulting from the travel program implementation. The employee base will be unwilling to adopt more change unless, through consultation, the

employees are convinced such processes will streamline and simplify their administrative responsibilities.

Industry Card Program Management Practices

In order to analyze the IDRC current program issues, the following table has been provided to benchmark industry program management practices of five organizations. Comparator organizations 1 and 2 are public entities and organizations 3-5 are private industry corporations. The Comparator organizations were selected as they present a reasonable spectrum of automated sophistication, size, organizational structure, and maturity of corporate card programs.

Appendix E contains an exploratory of the financial rebates associated with commercial card programs.

Table 4

	#1 Public	#2 Public	#3 Private	#4 Private	#5 Private
T&E Annual Program Volume	\$15m	\$40m	\$110m	\$50m	\$30m
# Cards issued	300 T&E only	3,500 T&E 500 P-Card	65,000 Blended solution P-Card and T&E	10,000 Blended solution P-Card and T&E	2,000 T&E 1,000 P-Card
T&E Card program payment	Corp pay air / Indiv pay other	Corp pay air / Indiv pay other	Corp pay all	Corp pay all	Indiv pay all (including airfare)
Purchasing Card program payment	n/a	Corp pay	Corp pay	Corp pay	Corp pay
Card Program Ownership *	Travel Manager (reports to Controller)	Director Procurement (reports to CFO)	Travel Manager (reports to VP Procurement)	Director Finance (reports to CFO)	Sr VP Logistics (reports to President)
Card Strategy and Management	Travel Manager	Travel Manager	Travel Manager	Accounts Payable Leader	Travel Manager
Card Coordination and Client Services	Travel Manager	Travel Manager	Analyst reports to Travel Manager	Clerk reports to AP Leader	Travel Manager
Automated Expense Report Solution with corporate card data feed	No Excel e-forms are submitted to A/P	Yes Card feed to be implemented Summer/06	Yes	Yes	Yes
Ownership of Expense Solution	Controller (reports to CFO)	Finance (reports to CFO)	Procurement (reports to Sr. VP Procurement)	Finance	Controller
Administration of Expense Solution	Accounts Payable Team	Corporate Accounting	Procurement Administration (Ariba)	Corporate Accounting	Corporate Accounting

* Card program ownership, for the above Comparators, is different from the corporate banking relationship owner, even in cases where the corporate card supplier is the same vendor as the company's bank. Typically the treasury function does not have a role with respect to the corporate credit card program – other than a macro view of the banking relationship.

Observations:

- Card program “executive sponsorship/ownership”
 - The Finance/CFO offices provide ownership in small-to-medium sized organizations, and the Procurement/Logistics function in larger organizations.
- Card program administration/strategy & coordination
 - This role tends to depend on the size of the organization. The small organizations tend to designate this responsibility to the same individual responsible for the travel program management whereas the larger organizations align this role with corporate Procurement or Accounts Payable responsibilities.
 - **TREND** – Historically, corporations would re-assign (or float) the ownership and management of corporate card, expense solutions, and travel management to various individuals depending on employee skills, level of client service required internally (e.g. cultural considerations), and availability of resources. For example, in the past, this may have meant a company placed ownership of these solutions with Finance (for example), but later transitioned to Procurement or Shared Services/Logistics (for example), if the subject matter expert left the company. However, over the past 2 years, it has become increasingly common for corporations to position the ownership and ongoing management of a program within a particular department and “stay the course”, regardless of departing employees or specific expertise. Outsourcing of non-strategic (i.e. transactional activities) is common today meaning the organization will set the strategy and own relationships with suppliers; however, suppliers will execute the transactional duties.
- Combining Travel and Purchasing on a single corporate card:
 - Larger organizations show early adoption of the “combination” T&E and P-Card solutions on a single platform (i.e. Comparators 3 and 4) with corporate payment of the entire program.
 - **TREND** – Over the past 2 years, it has become increasingly common for organizations to review their corporate card requirements holistically when sourcing & implementing card programs due to recent enhancements to supplier offerings (e.g. RFPs in the past 2 years tend to include purchasing, travel, and sometimes fleet & telecom card requirements from a single supplier).
- Payment of the corporate cards:
 - Payment tends to be a corporate responsibility if purchasing related items are included. Most organizations either corporate pay the entire card account, or as a minimum the airfare portion which tends to be the largest single expense.
 - **TREND** – Given the prevalence of automated expense solutions, and the additional governance they can provide through enhanced reporting, corporations are moving toward “Corporate Pay All” expenses as evidenced with the larger comparators who would presumably have more risk and reward associated with this process.
- Expense solution management:
 - With the exception of the largest Comparator organization #3, ownership and management of the expense solution tends to be with the Finance or Accounting departments (not procurement, travel, or logistics/shared service departments).

- fyi – the Government of Canada’s “Shared Travel Services Initiative”, whose program management is governed by Public Works (the procurement arm of the Federal Government) has positioned Travel, Corporate Card, as well as Expense Management within the same leadership team. Given the sheer size of the transactional volume, the common client group, and business intelligence required for supplier negotiations, a diverse skill set is required across the team to manage these separate functions (e.g. procurement, contracting, finance, analysis, accounting, and governance). This program is the only one in Canada where all components are managed within a single division.

Financial Analysis of the Current Program

The benefits currently accruing to IDRC include soft and hard dollar items. The following provides an outline of the key activities (both functional and financial) which should be considered in an over all cost benefit analysis of the program.

A draft time and motion study was prepared to estimate soft dollar cost and benefit estimates at IDRC. The model, developed by Runzheimer, attempts to quantify efforts associated with various tasks and business processes relevant to travel booking, corporate card use, and expense management.

The analysis indicates a positive cost benefit to IDRC based on the assumptions made in the model. *A copy of the Runzheimer model, as well as the draft analysis, is on file with IDRC’s technical authority.*

COSTS

- Un-quantified activities (e.g. soft dollar) by card program management resources (accounts payable, travel manager, card client services and coordination, treasury with respect to banking relationship, procurement, contract administration activities, etc.)
- Un-quantified activities by employees who use the card solution (e.g. time spent to take a cash advance from a bank machine prior to a trip as well as time saved through elimination of traveller’s cheques, electronic integration of advances with the NavigatER expense solution, etc.)
- Finance charges levied by Scotiabank for late payments
- Card program misuse by employees and any costs incurred by management to rectify the situation

BENEFITS

- Un-quantified efficiencies by card program management resources, such as the time savings resulting from corporate card centralized reconciliation of the airfare charges (versus other labour-intensive manual matching methods conducted in A/P)
- Un-quantified efficiencies by cardholders (e.g. soft dollar) as a result of using a corporate card versus other payment solution (personal card, reimbursements via invoice in A/P, easy access to cash for incidentals or in situations where Visa is not accepted, etc.)

- Un-quantified benefit of the Scotiabank “waiver of liability” insurance in the event of fraud or misuse of the corporate card (insurance is \$100,000 per card and can be invoked at IDRC’s request)
- Financial rebates provided by Scotiabank in exchange for volume spent on the card
- ATM service charge fees (in addition to those levied by the banking institution supplying the ATM) as these are included at no cost through the Scotia contract with IDRC (e.g. typically card suppliers charge an incremental \$1-\$2 per cash access event in addition to the bank surcharge).

3.0 ISSUES – CURRENT PROGRAM

A **synthetic conclusion** to the key issues identified from the on-site interviews and the document review is contained in Appendix F. The **narrative** results from the on-site interviews are found in Appendix C.

The following provides an overview of issues with IDRC’s current corporate card program, and the impact to various parts of the organization.

Operational:

- Card program ownership – and the strategic positioning of the ongoing solution – it appears the card program has been in maintenance mode for the past few years with little (or no) new energy or attention from the supplier
- Program benefits have not been well communicated to users and users do not believe sufficient consultation occurred prior to setting solutions in place (primarily with respect to the expense solution)
- Senior Management support is not strong and visible (e.g. some members of senior management team do not use the card program or promote its benefits). This may be due to lack of management information supplied to senior management or lack of communication initiatives.
- Disparate processes on the 2 card platforms
- Multiple disciplines served by the corporate card (e.g. travel, purchasing, management information) whereby different owners must agree on card usage, client services, policy content, etc.
- Payment of the corporate card (e.g. CC2 currently) is accomplished through integration to the NavigatER solution. Changes to the Visa integration with NavigatER may cause an accounts payable operational impact.

Internal Control:

- Policy doctrine is rigid with respect to the natural occurrence of personal expenses that may occur during the course of a business trip. Further, the doctrine generally lacks procedural information required to maximize benefit of the program. Refresh of the document is likely required to establish success conditions for a positive adoption of the integrated travel management solution.
- Interviewees indicate approvers may accidentally approve personal charges given the Visa transactions are integrated to the NavigatER solution, and employees must remember (and be trained) to deselect these items to ensure they are not processed for reimbursement.
- Scotiabank’s waiver of liability provides insurance for IDRC to protect against fraud or employee abuse to a maximum of \$100k/card. Temporary limits on cards may be set (e.g. operating like a “debit” card with a maximum balance), and temporary suspensions of cards may be managed for infrequent users. Such governance requires well thought-out procedures to be implemented and managed by the program owners to ensure consistency with the client service and governance framework.

Information Technology

- There are no issues with respect to system integration as it relates to the Visa corporate card program. (Refer to travel management components integration).

Human Resources (e.g. workload)

- Despite internal controls mentioned above, there is a human impact in the event performance management must occur. Such performance management, and potentially the termination of an otherwise highly skilled employee, is one of the inherent risks of making a corporate credit card program available to employees.
- Non head-office employees are severely burdened by the use of NavigatER given their relatively low number of expense claims annually. The business case to support the ongoing use of the electronic expense solution is not positive for the non-HO regions.
- CC1 users indicate a general burden in the Visa integration to NavigatER (not as extreme as the regions, but severe nonetheless). The suggested model in this report addresses this burden by suggesting the transfer of administrative responsibilities to the user community who has positively adopted the automated expense solution already (e.g. the CC2 users).

Internal Client Services

- There is a general absence of management information being supplied to front-line managers. Such reporting is available from the travel agency (e.g. reserved data), the corporate card (e.g. spent data), and the NavigatER solution (e.g. booked to the g/l data). Strategic analysis is required of the various data sources to address information desired by the management team (e.g. for cost containment purposes, trend analysis, commodity management, etc.)
- Lack of ownership of the card program as it pertains to strategic analysis is causing negative client service impacts where the card program is otherwise capable of offering solutions (e.g. streamlined approach for infrequent users through 'debit' cards or temporary suspensions, etc.) Client services, as offered today (e.g. card limits, suspensions, new application, cancellations, changes, etc.) are assumed to continue as part of the program management.

Integration with Travel Management Components (e.g. corporate card, agency, expense solution, policy)

- Many expense processes are tightly linked between the Visa card and the NavigatER solution. Addressing expense workload burden (relative to the Visa charges) for employees may cause a shift of burden to the central finance team.
- The Visa card data (e.g. the 'spent' data) is helpful in forecasting trends that have an operational impact on the travel agency and the support structure for the automated expense solution (e.g. spikes of activity in the Aug-Sept timeframe to book airline tickets – and a spike of activity to file expense claims in the Oct-Dec timeframe).
- The policy offers framework for the travel management, expense process, and purchasing solutions for IDRC. Multiple owners exist for the various business processes. Therefore, a collaboration is required to effectively communicate a simple and clear message to end users.

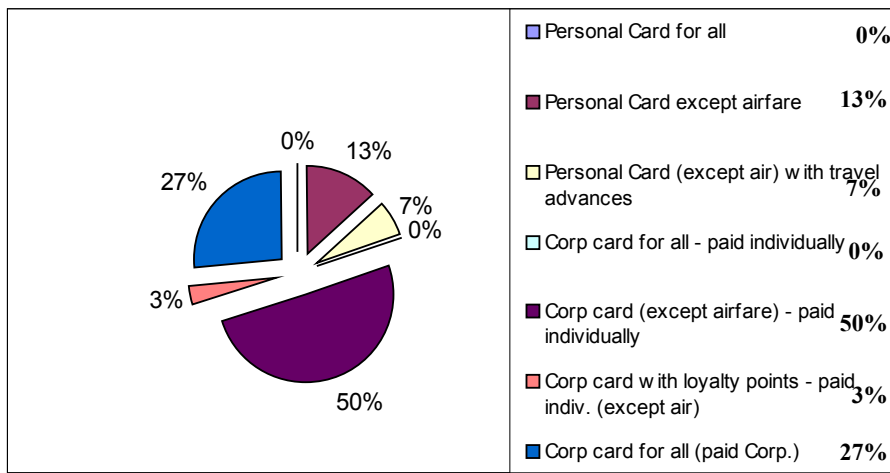
4.0 ALTERNATIVES TO THE CURRENT PROGRAM

There are various models (or alternatives) for IDRC to consider as part of its corporate card program solution. Interviews were conducted with 47 IDRC employees, and several background documents were reviewed in order to identify the various models and seek feedback from employees. Interviewees, including those from the regions, were presented with various payment system models and asked to indicate which they felt was most appropriate for IDRC, and why.

Although options have implications on the expense management business processes (which is not the focus of this report), the pros and cons consider positive and negative aspects in the expense process from both the Employee and Corporate perspectives and are presented for consideration to evaluate current expense solution irritants.

The following chart provides an overview and assessment of the suitability of a number of options as appropriate to IDRC's requirements. Seven options were evaluated through the interview process and other options were identified as well. As a result, 6 models in total are explored in the following pros/cons section.

Desired Card Management Model



#1 Rank – status quo where Corporate Cards (except airfare) are paid individually

#2 Rank – Corporate Cards where all expenses are paid by the Centre

#3 Rank – Personal Cards paid individually (except airfare)

The majority of interviewees support the current model where Corporate Cards are provided to the organization, and IDRC is responsible to pay for airfare, and individuals pay the remainder of expenses and seek reimbursement. The issuance of Travel Advances was explored as part of the

Personal Card usage option and there is support for this to continue, especially as it relates to infrequent travellers.

Pros/Cons of Options Evaluated

The following provides a detailed synopsis of the pros and cons of the various models, which were explored or identified through the interview process.

(a) Model #1 – Traveller uses personal credit card (3 options)

Table 5

Card Model #1(i, ii, iii) – for ALL business expenses and seeks reimbursement from IDRC and/or for all (except airfare) – optionally augmented by travel advances	
Model definition: traveller relies exclusively on his personal credit card to incur expenses on behalf of IDRC and/or all expenses with the exception of airfare	
Pros	Cons
<ul style="list-style-type: none"> - Some users would like to collect loyalty points. - There is some support for this model by regional offices located outside Canada who do not wish to work with a Canadian-based bank issuer of Visa as it is inefficient. 	<ul style="list-style-type: none"> - Strong support for airfare to be paid by the Centre, therefore, a supplemental solution is required, creating a fragmented program. - Not viable as there are people who cannot (or will not) get a personal card for business use. - Limited support for this model by interviewees across IDRC. - Does not supply a solution for p-card related purchases - Interview feedback (and finance representatives at IDRC) confirm standing advances are more complex to administer than the corporate card program offering -

(b) **Model #2 – Corporate card use (4 options)**

Table 6

Card Model #2(i, ii) – for ALL business expenses and seek reimbursement from IDRC and/or for all (except airfare)	
Model definition: traveller relies exclusively on his corporate card to incur expenses on behalf of IDRC and/or all expenses with the exception of airfare	
Pros	Cons
<ul style="list-style-type: none"> - Strong support for airfare to be paid by the Centre and the commercial card program is a more desirable solution than others used historically (e.g. ghost billing) and others explored. The Visa data supports the reporting details required by Air Canada to support the negotiated airfare discounts. - Strong support for the Visa card platform, its market acceptability, its easy access to cash access via automated teller machines, and Scotiabank's sophisticated fraud detection solution on its commercial card platform. - Scotiabank's "waiver of liability" insurance offers strong risk management for IDRC in the event of any program abuse by an individual cardholder - Some users will not (or cannot) use a personal card product for business expenses, therefore, a supplemental solution is required (and is desirable – according to the majority of interviewees - to a standing advance solution) - A standardized process, relatively streamlined, that provides efficiencies to the employees (and its corporate support processes) - Provides future efficiencies for any uptake and promotion of card usage for supplies (e.g. p-card related items) 	<ul style="list-style-type: none"> - Disconnected process between BTI traveller profiles and the traveller's corporate card – as a CC2 user incurs the airfare expense for the traveller (who may have an individual card) - Many CC2 cardholders indicate a nervousness of holding a physical card with such a high dollar credit limit (although they recognize the business appropriateness of the limit) - No confirmed strategy or business process for "infrequent" cardholder usage versus "frequent" cardholder usage. - Limited opportunity for "self-service" model for those travellers (or CC1 cardholders) who may be inclined to use NavigatER directly to enter their own expenses (rather than communicate details via an administrative resource) - Building on above bullet – EA's are "chasing" PO's for documentation and detailed information required to reconcile the expenses - Limited strategy to maximize efficiencies of the card program for purchasing-related items (although I understand a policy is under development). These high volume (typically low dollar) items are more efficiently processed on a corporate card than via Accounts Payable cheque

Table 7

Card Model #2(iii) – for ALL expenses (except airfare) where the program is augmented by a “loyalty/points” program	
Model definition: This model assumes the corporate card would make a loyalty points program available to the cardholders.	
Pros	Cons
<ul style="list-style-type: none"> - Loyalty programs tend to assist with program adoption (e.g. incentive to use the card) - Some support at IDRC if the points could be applied (or collected) corporately <p>NOTE – to the best of the consultant’s knowledge, no such arrangement exists in the market between a supplier and a corporation for the central collection and use of card program loyalty points. These programs are “earned and burned” individually.</p>	<ul style="list-style-type: none"> - Almost NO support across IDRC to consider this as a decision-making factor associated with a business expense card program - Some EA’s indicated a concern it may become part of their responsibility to manage the program on behalf of the individual, especially if program points were being used for business reasons (complex) - Interviewees indicate points are difficult to use - Scotiabank’s commercial card platform does not currently offer a loyalty program, therefore, a change of card suppliers would be required (where there is no evidence elsewhere to support a change of suppliers) - Typically any cost of offering these loyalty programs are offset by negatively impacting corporate-paid rebates.

Table 8

Card Model #2(iv) – for ALL business expenses IDRC pays the entire account balance (including airfare)	
Model definition: In this model, IDRC would pay 100% of the card account balances each month and the individual would be responsible to file the expense claim to offset the balance paid on his/her behalf.	
Pros	Cons
<ul style="list-style-type: none"> - This model is very popular with CC1 cardholders who are presently experiencing lags in being reimbursed for Visa expenses that have not appeared in the NavigatER solution (primarily due to the late submission by the merchant to Visa) 	<ul style="list-style-type: none"> - This option was discussed at SMC as part of the September 2005 “split payment” discussions and was abandoned in favour of the current state (e.g. individual pay all non-airfare related expenses).

(c) Model #3 – Combination of personal cards and corporate cards

Table 9

Card Model #3 (Other) – User choice of Personal card and Corporate card usage (excluding airfare)	
Model definition: Airfare continues to be centrally paid by the organization, however individual expenses are adopted either on a corporately-issued card (individually paid) and/or on a personal credit card.	
Pros	Cons
<ul style="list-style-type: none"> - Employee friendly, very self-directed - Some support for this in the regions where staff members prefer to deal with a local banking institution 	<ul style="list-style-type: none"> - There is a strong desire for streamlining and standards. This model introduces a fragmented solution not desired by the majority of the interviewees. - The majority of interviewees indicated they would want to seek reimbursement for at least one personal card membership fee (which are frequently >\$100 each). The corporate card issuance is offered free of charge currently. - High occurrence of fraud (or erroneous) charges on the card would become complex for administrators (and individual cardholders) to sort when business and personal expenses are blended.

(d) Model #4 – Revise CC2 program processes and implement “diverted” accounting approach for airfare/rail

Table 10

Card Model #4 (Other) – Revise CC2 business processes to implement “diverted” accounting for airfare/rail corporately paid expenses	
<p>Model definition: Use individually-issued corporate cards for all business travel expenses, including airfare, where the airfare is “diverted” to a centrally paid IDRC account number (no physical plastic card), and the other expenses remain the responsibility of the individual to pay. Reconciliation of the corporately paid account (e.g. the diverted air/rail charges) can adopt similar (or same) processes as those in place today for the reconciliation of the CC2 card charges. CC2 business processes for procurement-related items may not be suitable for diverted accounting – discussion with Scotiabank required.</p>	
Pros	Cons
<ul style="list-style-type: none"> - Addresses senior management’s desire to avoid unnecessary cards being issued as fewer administrative assistants would require a card in this scenario - Individual credit limits on cards do not need to be inflated to allow for airfare values (the diverted account has a limit which is simply an account # - no “plastic” and can have the high \$ limit) - Limited change to the service delivery model, yet streamlined efficiencies desired by interview participants - Less worry for existing CC2 cardholders who are presently concerned to have a high credit limit card in their possession - Streamlines the relative association between the BTI traveller profile and the traveller’s charge account # (as they would be the same # under the diverted approach) - Provides user choice to those who complete expense claims as travellers, if so inclined, could manage their airfare coding expenses (and documentation) in a self-serve model OR may continue to have administrative support complete the claims for them (user choice) - Accounting reconciliation procedures would replicate the current CC2 reconciliation procedures for the corporate paid charges (against expense claims) - Combines airfare and other non-airfare travel expenses on a single card providing a holistic view of the individual’s trip expenses (a benefit to those who may wish to enter expenses into NavigatER themselves, as well as the approving authority) 	<ul style="list-style-type: none"> - One-time traveller profile updates required by BTI (and maintenance thereafter for any new or cancelled cards) - Change management required for existing CC2 cardholders who would likely acquire the administrative responsibility to enter expense claims on behalf of their travellers (although many do this today for CC1 cardholders anyhow) - Potential modification Necho NavigatER to ensure payments are remitted to Scotiabank (refer to Considerations section) - Some CC2 cardholders would continue to need a card to incur expenses on behalf of individuals who do not have (or are not eligible for) a corporate card – e.g. sponsored travel managed by GAD where these travellers do not have BTI profiles - Does nothing to resolve the issue of CC1 users wishing to file their expense claims on a “per trip” basis given lag time of some merchants to submit chits to Visa (therefore these CC1 users are out-of-pocket, sometimes for unreasonable periods of time) - Default coding (e.g. home cost centre) must be assigned to each card which will serve little use in the expense solution where coding must be split or changed by the user for cost allocation purposes - Does not address non-H.O. inefficiencies due to the Visa card data integration to the NavigatER solution (complaints of very slow system time and an inequitable burden given the relative small # of expense claims in these locations)

(e) **Model #5 – Terminate data feed to NavigatER for CC1 business process**

Table 11

Card Model #5 (Other) – Continue with CC1 and CC2 as separate programs, and terminate data feed to NavigatER on CC1 transactions.	
<p>Model definition: In this model, the CC2 users (who have adopted NavigatER) continue to reconcile their expenses in NavigatER using the automated Visa data pre-populated feed. However, the data feed from Scotiabank on the CC1 transactions is closed, thereby, allowing CC1 users to enter their transactions on a “per trip” basis similar to other out-of-pocket expenses.</p>	
Pros	Cons
<ul style="list-style-type: none"> - This model would be popular with CC1 cardholders who are presently experiencing lags in being reimbursed for Visa expenses that have not appeared in the NavigatER solution (primarily due to the late submission by the merchant to Visa). This model would allow CC1 cardholders to enter expenses on Visa in the same fashion as other out-of-pocket line items and seek reimbursement from the Centre. 	<ul style="list-style-type: none"> - Negative cost benefit to the Necho NavigatER solution and any potentially future P-Card solution - Does not work with Model #4 “diverted solution” which is the suggested model - Most CC2 users have become “super users” of the Necho NavigatER solution, many of whom are already entering the CC1 line items on behalf of their traveller. Therefore, this may be an overly drastic measure for a vocal minority. - As with Model #4, the payment remittance to Scotiabank would need to be revised (likely via Necho) - Fragmented business process for corporate card users (EA’s filing on behalf of two kinds of users would need to learn 2 processes) - In the future scenario where a “corporate pay all” program became eligible for implementation, this feed would be logically turned back “on” creating change management issues and training on an already fatigued client group

(f) Model #6 – Automate airfare reconciliation with BTI and Visa data

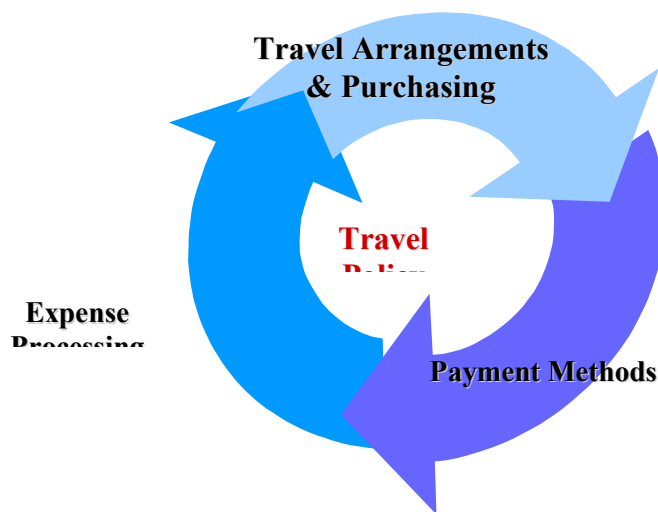
Table 12

Card Model #6 (Other) – Implement centrally paid airfare reconciliation via the CC1 platform using BTI travel data.	
<p>Model definition: In this model, the CC2 program would be revised (where it pertains to use for airfare purchases), and BTI’s travel counselors capture the cost centre information at time of booking. Thereafter, the BTI travel airfare transactions will be auto-reconciled with the Visa airfare transactions, presumably through an Excel matching exercise.</p>	
Pros	Cons
<ul style="list-style-type: none"> - Offers an automated reconciliation opportunity of the airfare expenses between BTI and Visa data files and eliminates the need for a CC2 to be issued to an EA exclusively for the use of airfare payments. 	<ul style="list-style-type: none"> - Transfers some administrative burden to the Centre away from the CC2 cardholders - Would not assist with reconciliation of other centrally paid expenses (e.g. p-card items which are not purchased through BTI travel) - As reported by interviewees, many individuals do not know (or do not yet have) the appropriate cost account at time of booking with BTI. - Airfare can often be split across multiple cost centres, providing a level of complexity for the BTI travel counselor to manage the data entry of split costs. - Individuals primarily doing the travel reservations (e.g. support individuals) may not be the most appropriate people to communicate the financial information as they may not know if it is correct or not. - Generally does not seem viable for the IDRC environment.

5.0 SUGGESTED CARD MANAGEMENT MODEL

This section presents the suggested card management delivery model for IDRC. The suggestions are made considering the data gathered as a result of the on-site interviews and regional questionnaires, the consultant's industry expertise of other company's practices and procedures, and emerging industry trends.

Any managed travel solution must consider the integrated components prior to implementation. As such, the recommendations stated in this report are not recommended for implementation prior to consideration of the these integrated points as shown in the following graphic:



Guiding Principles for Selection of a Solution

As referenced in the October 2005 study of the travel reservations model, four guiding principles continue to be relevant and must be considered in the context of the suggested solution before any recommendations may be confirmed. (Refer to Section 1 where the guiding principles, interpreted for this study, are repeated.)

Should IDRC declare some or all of these guiding principles are unimportant to the organization, the suggested model must be revisited as a result.

Travel Card Program Management - Suggested Solution

Model #4 –

Revise business process applicable to the CC2 card program and implement “diverted” accounting approach for staff procured airfare/rail

It is important to note this “diverted” model is Scotiabank Visa’s branded approach. While other card suppliers offer similar approaches (such as “strip billing”, “ghost accounts”, business travel accounts, etc.), the following evidence focuses on the Scotiabank model. Should a change of corporate card supplier be required (for example, should IDRC have a mandatory requirement to conduct a formal RFP from time to time), it should be discussed at the outset before any investment in intellectual capital, systems changes, change management, communications, etc., are undertaken.

As such, the Scotiabank “diverted” approach to centralized airfare/rail payment is suggested as the most suitable arrangement for IDRC for the short-to-medium term (e.g. 2-4 years), incorporating a number of considerations. This suggested model facilitates additional streamlining and efficiencies in both the card program usage, and its integration with the NavigatER solution – by focusing on a single platform – while causing little (or no) disruption to an already fatigued client group.

⇒ On-site Interviews - Evidence supporting the suggested model:

- Majority of interviewees express a strong opinion to have the corporate card program continue.
- There is no evidence another Visa card issuer (e.g. a bank other than Scotiabank) would offer any advantage, therefore, there is no particular impetus to conduct an RFP for the corporate card (unless internal regulations deem this necessary at certain time periods)
- CC2 users are nervous holding such high dollar limit cards (e.g. GAD team)
- Some CC1 users prefer to enter the details of the airfare expenses directly into NavigatER themselves rather than communicate via an administrative resource as it adds additional burden to both parties
- Traveller profiles maintained by BTI contain a CC2 card number which must be related to a traveller. This must be constantly maintained and updated as employees change divisions, or new employees are hired

⇒ Industry Evidence supporting the suggested model:

- Explored with Scotiabank in their interview – who were unaware of the business objectives of the 2 separate IDRC card program processes. Scotiabank indicates the “diverted” methodology would not have been available to IDRC in the 2001/02 implementation timeframe and has only become mature in 2003/04.
- The consultant has experience with another major Canadian organization (approx. 2000 cardholders) who is using the diverted methodology for airfare/rail (as well as travel agency transaction fees) with Scotiabank and recently interviewed financial,

travel, and card management experts at this organization and is satisfied this solution is working as expected

- This organization will be willing to participate in a “lessons learned” conference call with IDRC if desired
- Diverted accounting allows corporate pay of some expenses, while not others (these are defined by MCC codes – e.g. supplier codes – through the corporate card feed).
- The overall corporate banking “credit facility” on the card program remains the same, however, individual card limits can drop or be standardized to amounts conducive to P-card activity, and T-card activity.
- Little evidence the P-card program strategy is in place or has been communicated
 - Most organizations “corporately pay” p-card related expenses

6.0 IMPLEMENTATION CONSIDERATIONS OF THE SUGGESTED MODEL

In addition to the suggested card management model above, the following should be considered as part of the “tuning” of the existing card management approach and as part of implementation planning for the suggested solution to benefit each of the Canada and the non-HO office locations.

Corporate Card Program Ownership and Administration

As part of the suggested card management model, program ownership (including executive sponsorship) and ongoing strategy for the program’s evolution must be considered.

(a) IDRC Program Management/Ownership – Current State

The following table provides a high level overview of the IDRC current state with respect to program management practices.

Table 13

	IDRC
T&E Annual Program Volume	~\$10m
# Cards issued	<ul style="list-style-type: none">• 245 Individual T&E Cards (“CC1”)• 77 Corporate Airfare Cards (“CC2”) Purchasing related items are approved for either card, however, is not widely communicated via Policy (purchasing card policy is currently in development)
T&E Card program payment	Corporate pay CC2 / Individual pay CC1
Purchasing Card program payment	Could be either Corporate Pay or Individual Pay – it depends on the individual card product (CC1 or CC2)
Card Program Ownership	Director of Finance (reports to CFO)
Card Strategy and Management	Various individuals in the Finance team
Card Coordination and Client Services	Administrative Assistant reporting to Director Finance
Automated Expense Report Solution with corporate card data feed	Yes (Necho NavigatER)
Ownership of Expense Solution	Director of Finance (reports to CFO)
Administration of Expense Solution	Accounts Payable / Corporate Accounting Leadership

(b) IDRC Program Management/Ownership – Suggested Future State

The following table provides a high level overview of the suggested future state with respect to IDRC’s program management practices. Based on industry practices shown above, there is an opportunity to streamline the management practices and improve strategic focus to the program.

Table 14

	IDRC (suggested future state)
T&E Annual Program Volume	<p>Current: ~\$10m</p> <p>Future: Volume projections should be determined based on uptake of purchasing-related expenses – and consider impact on expense solution – and Scotiabank contract rebates or other terms and conditions</p>
# Cards issued	<p>Current:</p> <ul style="list-style-type: none"> • 245 Individual T&E Cards (“CC1”) • 77 Corporate Airfare (and purchasing) Cards (“CC2”) <p>Purchasing related items are approved for either card, however, is not widely communicated via Policy (purchasing card policy is currently in development). Purchasing related items on the CC2 are centrally paid by IDRC.</p> <p>Future:</p> <p>tbd - Card #s depend on target expenditures for purchasing activities, and final decision re payment practices for corporate paid expenses (e.g. can CC1 and CC2 be blended in a different business process solution – working session with Scotia, and key IDRC stakeholders from A/P, Expense Solution experts, Travel, Purchasing suggested).</p>
T&E Card program payment	<p>Current:</p> <p>Corporate pay CC2 / Individual pay CC1</p> <p>Future:</p> <p>Individual Pay for travellers who are per diem eligible and corporate pay diverted air/rail expenses</p>
Purchasing Card program payment	<p>Current:</p> <p>Could be either Corporate Pay or Individual Pay – it depends on the individual card product (CC1 or CC2) used by the client</p> <p>Future:</p> <p>Corporate Pay any centrally-billed expenses (procurement and airfare)</p>
Card Program Ownership	<p>Current:</p> <p>Director of Finance (reports to CFO)</p> <p>Future:</p> <p>Status quo – most organizations align executive sponsorship with Procurement or Finance – who typically report to the CFO – which is already the case at IDRC.</p>
Card Strategy and Management (<i>excludes corporate banking /treasury relationship</i>)	<p>Current:</p> <p>Various individuals in the Finance department</p> <p>Future:</p> <p>Suggest Travel Manager as this most closely represents other corporate models for card strategy, and business intelligence.</p>
Card Coordination and Client Services	<p>Current: Administrative Assistant reporting to Director Finance</p> <p>Future: Suggest Travel Manager (or the designated individual with Strategic responsibility) as there are close symmetries in client services and strategic positioning of the program (note larger organizations support this function with administrative assistance to manage sheer volume of card applications/cancellations.) All components of the card coordination role become strategic (e.g. card setup for business intelligence downstream, fraud detection for trend analysis, review of expenditures for appropriateness, etc.)</p>
Automated Expense Report Solution with corporate card data feed	<p>Current: Yes (Necho NavigatER)</p> <p>Future: n/a</p>
Ownership of Expense Solution	<p>Current: Director of Finance (reports to CFO)</p> <p>(out of scope of this report)</p>
Administration of Expense Solution	<p>Current: Accounts Payable / Corporate Accounting Leadership</p> <p>(out of scope of this report)</p>

Considerations to Move Forward

In addition to the proposed card program management model described above, the following should be considered as part of the modifications necessary to evolve the program further (either in Canada or in the foreign regions) and should be considered as detailed activities on any action plan resulting from this report.

(a) Major Considerations

- Confirm ownership of strategy for ongoing Corporate Card program delivery model (recognizing there are multiple business processes managed on the card solution today for travel, purchasing, and expense management). Review the following considerations in the context of developing an action plan to consider timelines and accomplishments to explore the following activities.
 - The Change Management plan outlined in this consultant's report of October 2005 should be observed prior to affecting any change within the organization.
- Scotiabank Contract renegotiation:
 - Uptake of purchasing-related expenditures on the card solution (e.g. non-travel) may cause program growth, therefore, the Agreement rebates should be renegotiated prior to any aggressive change management campaign at IDRC to encourage use of the card for these high volume / low dollar items (to augment the existing use of purchasing of high \$ items exclusively today)
 - Any Agreement renegotiation should include an elimination (if possible) of the average transaction cost as part of the calculation. It is uncommon for card suppliers to "hook" the rebate on an average transaction amount, especially if the card program is used for purchasing and travel. It is possible, Scotia may not agree given the relatively small size (in their view) of the IDRC program
 - Business Case or expenditure projections for the purchasing-related volumes should be investigated prior to any contract renegotiation with Scotia (e.g. what is the potential dollar value or transaction count of high volume / low dollar expenditures which shall be eligible for the corporate card – rather than a invoice via Accounts Payable).
 - Rebate earning potential – in the scenario where the CC1 and CC2 platforms were combined or revised with the diverted airfare payment approach (if explored for rebate earning purposes), the above items are interrelated to this calculation and must be considered. For example, the CC2 average transactions are higher – and if this continues to form part of the rebate formula calculation, the growth of low \$ value transactions must be considered in the context of total value proposition (e.g. are we saving time/money corporately to process purchasing-related transactions on the card versus traditional accounts payable/cheque reimbursement methods – and in return compensated through credit card rebates on that increased volume).

- Scotiabank “working” session re business processes – an agenda should be developed for a planning and working session with the Scotiabank “banking relationship manager” as well as the “client solutions manager for Visa” (and others they deem necessary). The following items need to be explored with the supplier in order to determine next course of action for items that have expense process implications (yet with the Visa card linkage):
 - CC1 data feed to Necho NavigatER expense solution – implications to closing this feed from NavigatER (e.g. payment remittance of Visa accounts through EFT, establishing accounts receivable tracking for individuals, etc.) The appropriate subject matter experts and owners should come together to explore the pros/cons of this option, and cost benefit of it.
 - It is not within the scope of this report to explore modifications to the expense solution. However, given the extreme views posed by both the Regions (for all card transactions) as well as the CC1 cardholders, it is recommended an alternate option be further explored either as an ad-hoc initiative as a result of this review, or as part of a future review of the expense solution (e.g. have the centre absorb the burden to process expense claims on behalf of the regions).
 - Whenever a traveller moves departments (or cost centres), or the CC2 user leaves or changes cost centres, the CC2 that is incurring traveller airfare must be updated with BTI. As part of the data feed workshop with Scotiabank, the notion of “diversion” accounting should be explored to understand the implications to existing processes to divert and centrally pay air/rail – in return for the benefit of streamlining. Diversion accounting would permit airfare, for example, to be billed to the individual card, however, diverted to an account, which is centrally paid (this central account has its own spending limit – but no plastic). This process would make it possible for the individual traveller to provide expense details on the CC1 business process, without the added burden of paying these large amounts or adjusting the credit limit on the card. BTI would never need to be updated with a 1-to-1 matching of traveller to CC2 card account in this scenario – much simpler for BTI. Reconciliation activities for accounts payable would resemble the current state of the corporate payment of the CC2 account (or others may be appropriate as developed through the internal working team exploration).
 - There is a large occurrence of erroneous charges (or fraud) on the card – most interview candidates mentioned this, however, when interviewing the Scotia representatives, they were unaware. This item should be added to the Scotia working session agenda.
 - It can take up to 4 days for a payment to be applied to the CC1 account, even if the users makes the payment in person at a Scotiabank branch. This should be discussed with Scotia in the event there are faster ways for the payment to be updated – it may be an educational opportunity for users, or perhaps an improvement opportunity for Scotia
 - Brainstorm the “diverted” expenses activity process (e.g. airfare and purchasing supplies corporately paid, remainder of expenses are individually paid (all on a corporate liability program).
 - Explore standard individual card limits for the various stakeholder groups such as (a) frequent travellers (b) infrequent travellers (c) purchasing card users (d)

administrators who will need an account to incur expenses for individuals who do not have cards

- Foreign access to the telephone emergency assistance number – as we have received a small number of complaints that it is difficult (or not possible) to reach this service from Cairo specifically (and possibly elsewhere). Review if the dialing instructions may be improved. If so, this can form part of a re-communication plan to cardholders.
- GAD administrators comment they often need to access cash in combinations that the program parameters do not presently permit (e.g. # of withdrawals versus the daily cash limits). Some further investigation of the business requirements – against the functional offering from Scotia should be explored in the event there is a quick win for this stakeholder group
- Consider any merchant blocking that should be done to the card program as a whole, to limit any unnecessary risk. Most corporations keep the card as open as possible; however, wish to manage public perception for categories which would never be suitable for a business card product (e.g. gambling, jewelry). Consultation with Scotia should be done to review if IDRC would benefit from any obvious category blocking.
- Consideration should be given to taking over the “data entry” of the foreign office’s expense claims. With fewer than 30 expense claims per year (per office), this would represent some added burden to the Centre in exchange for tremendous time savings benefit to the regions – given the painfully slow response time of Necho due to their geographic locations. The regional expense claimants, as a suggestion, could complete an alternate expense template and submit to HO for data entry into the NavigatER system. Consistent comments through the interview process indicate a CC1 cardholder may be unnecessarily burdened by carrying forward a transaction that has not been submitted by the supplier to Visa (sometimes for several months – up to a worst case scenario of a year). If regions were permitted to adopt an alternate data entry process (from HO), this would remove burden to the individuals, although may require receivables to be established for the individual – managed by the Centre.
 - Given this suggestion borders on expense processes (versus Visa card program management) – it may be more appropriately considered for a Visa/Expense working group after learning the results of the working group with Scotia regarding termination of the CC1 feed from NavigatER and any impact to payment practices with respect to uptake of the cards for Purchasing related expenses.
- Given the desire by CC1 frequent travellers to enter their expenses on a “per trip” basis rather than the Visa statement cycle, consideration should be given to reviewing this business process to understand the order of magnitude of these expenses (and their frequency of occurrence), alternate business expense processes which may be viable to manage these charges which may represent a hardship to individuals when out-of-pocket for long periods of time, etc. *(brainstorming by subject matter experts, and some data analysis of historic patterns required)*
- Considering the infrequent use of some cards, a procedure should be developed and communicated. This should be considered in the context of potentially growing the program to include purchasing-related expenditures and whether infrequent use may

become more frequent, depending on the job function of the individual. Scotia suggested 2 options in our interview (1) store card in a secure location and apply a voluntary cancellation code (M9) to the account, while setting the limit to \$0 – and retain the plastic in a secure location, or (2) “reload” the card – (similar concept to a “gift card”) – where a fixed load of limit exists on the card and a “reload” can be done quickly if the limit has been exhausted.

(b) Minor Considerations

- Internal client consultation should occur in the short-to medium term with a view to determine internal reporting requirements for line managers and senior management. Many reports from the Visa solution contain better data than the travel agency reports as the Visa data is “spent” versus the agency data which is “booked”. Brief interviews should be considered with departmental and regional representatives as a starting point to provide meaningful information to internal leaders to manage their projects and businesses. This process may evolve over time as business intelligence from the NavigatER solution may compliment (or duplicate) some of the Visa management reports. Deviations from the corporate policy should form part of this regular reporting structure to management.
- Policy re-write and re-launch should be considered concurrent with the development of the procurement policy (e.g. medium term consideration) to address high volume, low dollar purchases applicable for the corporate Visa card (to augment the existing practice of high dollar procurement items). At that time, it may be appropriate to consider the format of the new policy with respect to level of detail, umbrella statements, and flexibility for individual decision making where appropriate.
 - Important It is not recommended that the aggressive promotion of purchasing-related expenses be communicated until the analysis has been performed with respect to rebate earning impact (e.g. if the average transaction amount continues to apply in the rebate earning formula, it is suggested IDRC consider and understand any potential negative impact on the rebate earning prior to any aggressive uptake of the Visa card for purchasing expenses in the event the amount of the rebate is considered material by the organization.
- ATM cash advances do not come through the Visa data feed into NavigatER – and as such employees enter their per diems as “out of pocket”. Consideration, if not done previously, should be given to importing the cash advance line items, and requesting the itemization of the cash. This would provide additional governance that the cash was used for business purposes (other than perhaps some small residual amounts which were retained personally). Further exploration of this item was requested by the Regional Controller in New Delhi.
- *(Minor consideration only in the context that expense processing was outside the scope of this review).* There are a number of irritants expressed through interview candidates regarding the expense process. As the evolution of the expense claim solution is not in scope in this report, it is recommended individuals with NavigatER responsibility review the narrative of the interviews (Appendix C) and the key findings (Appendix F) and consider if any action items exist to correct some of the irritants. If these items cannot be corrected, ongoing education and communication in this regard is suggested.

- Slow internet response times for the NavigatER solution for the foreign offices is curious given the fact foreign offices would be using the system when it is night time in Toronto – this should be investigated with Necho to understand if they are conducting maintenance or other activities that would cause the unacceptably slow response times
- There was a strong feeling amongst the CC2 users that an internal user group structure would be a helpful platform to share hints and tips to continue to improve skills on the NavigatER system (some of this occurred during the interview process while users shared ideas to solve an irritant that was raised). Common view is there will be merit in having someone from the centre organize these sessions (perhaps monthly “lunch and learns”) just to get the group together and provide this networking opportunity.
- Consideration should be given to enhancing the communication about the corporate card benefits (e.g. insurance, telephone support services, benefit to the individual to be supported for business goals internationally, etc.) – perhaps through website updates or other media conducive to reaching the individuals.

APPENDIX A INTERVIEW QUESTIONNAIRE

Stakeholder Interviews December 19-21, 2005

BACKGROUND

IDRC has engaged Sylvia Gray of SKG Consulting, Inc. (see “Consultant Credentials”) to review IDRC’s Corporate Card program. This card program impacts various components of the travel program managed at IDRC today given its integration with the travel agency and expense management solutions. A review has been requested at this time in order to take a holistic approach to any future improvements to the current state.

One of the key steps in this assessment will entail having independent travel and expense experts analyze the corporate card (or payment process) needs of the organization. This assessment will be undertaken with a perspective to include cultural context, business requirements, corporate risk, cost benefit, etc.). With this in mind, Ms. Gray will provide her expert assessment as to the suitability of various payment alternatives suitable for IDRC’s business expenses.

In this light, interviews with key players in the organization are essential in order to gather feedback regarding the elements impacting the payment solution(s). The interview is scheduled to last approximately 45 minutes. The following line of questioning is proposed, but may be altered to ensure respondents are allowed ample leeway to provide their input as they see fit.

Specific and individual responses from interview candidates will be held in confidence by the consultant. Blended results will be presented in the consultant’s final report to IDRC’s Travel Advisory Committee (“TAC”) late February 2006.

SUGGESTED INTERVIEW FRAMEWORK

1. Tell us how you use the current corporate card program (i.e. from your perspective as a traveller, travel arranger, management, etc.) and what key issues or benefits you see from the current program?
2. Do you believe the automated pre-population of your corporate card expenses in the Necho NavigatER expense system is efficient and time saving? Why or why not?
3. What is your view of the market acceptability of the existing Scotiabank Visa card? Do you have an opinion regarding the use of a MasterCard or American Express card for your travel needs?
4. How important is a credit card loyalty (e.g. points) program to you as it pertains to business expenses?
5. How important are travel insurances offered on credit cards? Have you made use of any such insurances (e.g. lost baggage, flight delay, etc.) while on business travel for IDRC?

6. Have you ever used a credit card supplier's telephone assistance services (e.g. emergency assistance, billing inquiries, lost/stolen card)? Please explain.
7. How important is it to you to have IDRC's name on the credit card you use to incur business expenses?
 - a. Not important; b. somewhat important; c. very important
8. How important is bank machine cash access to you? Do you have any opinions regarding Scotiabank's cash access capability versus another preferred solution (e.g. personal credit card or another card supplier such as MasterCard or Amex)?
9. A variety of other models exist for delivering "payment" solutions. Do you have an opinion as whether one of the following possible models would be most appropriate for your business needs? Why?
 - a. The traveller uses his/her own personal credit card
 - i. For **all** business expenses and seeks reimbursement
 - ii. For all expenses except airfare – where airfare is paid directly by IDRC
 - iii. Same as (i) and (ii) augmented with IDRC issued travel advances
 - b. The traveller uses an individually-issued corporate card
 - i. For **all** business expenses, and is responsible to pay the monthly bill, and seek reimbursement
 - ii. For all expenses except airfare – where air is paid by IDRC
 - iii. Consider (i) and (ii) augmented with a card loyalty/points program (e.g. would you take responsibility to pay the corporate card bill if you had a points program)
 - iv. For **all** business expenses and the entire monthly bill is paid by IDRC after the expense claim has been approved/submitted
 - c. Other options?
10. What credit limit do you need each month for business expenses or cash withdrawal requirements?
11. What requirements you have for on-line visibility into your credit card statement (e.g. web access to your charges and billing information)?
12. At the time of contacting BTI Travel for your trip bookings, do you generally know the cost centre number (or budget number) where trip costs will be applied?
13. Is there anything else you feel we should be aware of?

CONSULTANT CREDENTIALS

Sylvia Gray Consulting corporate profile has been removed from this appendix for brevity purposes and is on file with Sylvain Dufour, the technical authority on this consultant's agreement with IDRC.

APPENDIX B ON-SITE SCHEDULE OF INTERVIEWS (per IDRC)

Note – final interviewees are listed in Section 1.0 above.

Monday December 19			
8:00	Manon Raymond	Necho/NavigatER Demonstration	Confirmed
9:30	Carl Chambers	Brief History	Confirmed
10:00	Andrew Cray	Corporate Card Coordinator	Confirmed
11:00	Jean Lebel		Confirmed
1:30	Travel Arrangers Focus Group - EA's AA's		
		Veronica Suarez	Confirmed
		Leina Landriault	Confirmed
		Lucie Gijon	Confirmed
		Martine Lefebvre	Confirmed
		Brenda Thomas	Confirmed
		Aida Sullivan	Confirmed
		Claire Genier	Confirmed
3:00	Pierre Cyr	Travel Manager	Confirmed
4:00	Linda Waverly	Yes - please call Vancouver (604 922 0995)	Confirmed
Tuesday December 20			
8:00	Jo-Anne Morris	Coordinator - Accounts Payable	Confirmed
9:00	Rana Auditto	RC - New Delhi Office	Confirmed
10:00	Traveller Arrangers Focus Group - GAD Room 873	Mano Buckshi	Confirmed
		Eyra Edington	Confirmed
		Roch Paquette	Confirmed
		Jean-Francois Rioux	Confirmed
11:30	Kim Kearney		Confirmed
1:30	Traveller Arrangers Focus Group - PA's Room 873		
		Celine Corsius	tbc
		Joan McEvoy	Confirmed
		Kaye Meikle	Confirmed
		Maurizio Iellina	Confirmed
		Karen Trébert	Confirmed
		Hutoxi Noble	Confirmed
		Ida St. Martin	Confirmed
3:00	Renald Lafond		Confirmed
4:00	Sylvain Dufour		Confirmed
Wednesday December 21			
8:00	Sarwat Salem	RC - Cairo Office	Confirmed
9:00	Frequent Traveller Focus Group Room 873	Richard Fuchs	Confirmed
		Brian Davy	Confirmed
		Bill Swift	Confirmed
		Lauchlan Munro	Confirmed
		Gisele Morin-Labatut	Confirmed
		Marc Redwood	Confirmed
11:30	Maureen O'Neil	President	Confirmed
1:30	Denys Vermette	Vice President, Resources Branch	Confirmed
January	Connie Freeman	Reg Director - Kenya	January '06
January	Gail Somers & Anna Yeandle	Scotiabank - Commercial	January '06

APPENDIX C NARRATIVE SYNOPSIS OF INTERVIEWS

The following provides a detailed synopsis of the responses that were presented to the consultant during the one-on-one and group interviews (conducted on-site and via telephone) as well as questionnaire feedback received from regional offices via email.

The interview questionnaire is included as Appendix A and the final interview schedule, as published by IDRC, is included as Appendix B.

The format below is as follows:

- THE QUESTION - posed to the interviewee
- KEY IDEAS - presented by the interviewees (the results have been blended to maintain the confidentiality of the individual responses)

The interview schedule was designed to ensure that the consultant met and interacted with as wide a spectrum as possible of people involved with the use of the corporate card program. This included:

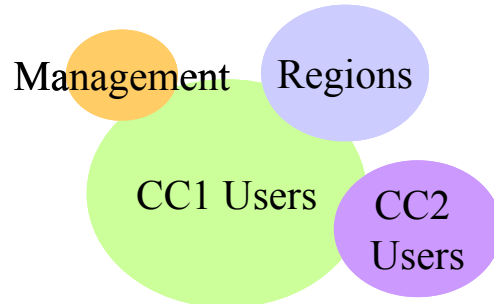
- IDRC leadership – responsible for IDRC overall
- “road warriors” - who travel 50+ days per year – and are generally the users of the CC1 program
- travel arrangers – who participate in booking travel for their team and/or their immediate supervisor – and are typically the users of the CC2 program
- Travel Program Management - responsible for ensuring the ongoing operation of the managed travel program
- Travel Advisory Committee Members – responsible for ensuring the travel program is aligned with the needs of the organization (some of whom are road warriors and/or IDRC leadership as well)
- Regional personnel – those whose travel expenses largely originate outside the Headquarters Region of Ottawa, Canada
- Scotiabank – the incumbent corporate card supplier

Based on the representative sample and selection of interview participants, IDRC has been extremely well represented. It is unlikely there is an individual or group of individuals that, if interviewed, would significantly impact the quality of the information gathered.

We are confident all the information that is required to complete this report has been provided and considered.

QUESTION #1 – Tell us how you use the current card program and what key issues or benefits you see from the current program?

The Visa cardholders at IDRC fall primarily into four distinct categories. These main categories are:



- **CC1 cardholders – frequent travellers:** where these individuals have a Corporate Visa card for which they are individually responsible to pay the monthly balance, and seek reimbursement from IDRC. The nature of the expenses tends to be non-airfare, non-per diem items (e.g. primarily hotels). Some users do charge their per diem eligible expenses to the card, however, recognize they must extract this from their expense claim process
- **CC2 cardholders - generally administrative resources:** where these individuals have a Corporate Visa card for which they incur expenses on behalf of a group (presently this is usually airfare), and IDRC pays the monthly account balance to Visa. CC2 cardholders complete monthly expense claims to reconcile the purchases.
- **Regions (including Management in regions):** recognizing the regions also contain a combination of CC1 and CC2 cards, the views through the interview process tend to be different from the head office views.
 - A small user group relative to the Head Office size with 21% of total cardholders and 30% of the dollar volume spent
- **Management resources (Ottawa):** who are responsible for corporate governance and providing the client service framework associated with the necessary administrative processes surrounding the corporate card program, its doctrines, and client services.

***NOTE:** these groupings would be a very strong starting point for identifying stakeholder groups that must be considered during the development of any future Risk Mitigation Plan or Change Management and Communications Plan.*

All interview candidates, regardless of stakeholder group shared a near unanimous view that the IDRC Corporate Card program is a necessary business tool and have a strong desire for it to continue.

Key benefits opinions stated are:

- Very easy to increase/decrease card limits (and ATM access limits) – very flexible – more so than a personal credit card
- Visa is well accepted, it's the best for IDRC's kind of travel

- Corporate liability on the card is excellent given it is a business tool – most interviewees indicated a strong desire to continue with the card as they would not want to rely on their personal card for business expense use

Key issues expressed are:

- high appearance of erroneous charges on the Visa (or possibly fraud)
 - Scotiabank’s interview brought forward the fact they had no awareness of this – and said it is **not** common throughout their client group (as such, this item has been added to the Major Considerations section of the report).
- added burden with the expense processing of the Visa transactions in the automated NavigatER solution (and not the card product or program itself per se)
- card program benefits are not well communicated
- strong senior management support for the program is absent
- “I wonder if we are tempting some employees to get into personal financial trouble – or a performance management situation - by providing them with a corporate card – some people cannot resist the temptation.”
- “Can I use the card for supplies, and if so, what kind of supplies?”
- CC2 cardholders expressed a general concern about having cards with such high \$ credit limits

QUESTION #2 – Do you believe the automated pre-population of your corporate card expenses in the Necho NavigatER system is efficient and time saving? Why or why not?

There were two four distinct sets of views as per the stakeholder groups identified in Question #1. Although the interview results were not unanimous within the grouping, they are representative of the majority of interviewee themes. The foreign regional office interviewees expressed unique views as compared to the other groupings, regardless if the interview candidate is a CC1, CC2 or Management stakeholder.

CC1 Cardholders	CC2 Cardholders	Regional Office (including Management)	Management HO
No Absolutely no time savings whatsoever, in fact, adds time for infrequent system users	Yes Definite savings, however, reconciliation can be difficult if details are missing from the traveller	No Regardless of CC1 or CC2 – most regional interviewees indicated painfully slow system response time adds burden.	Yes General view indicates the automation is worthwhile.

The following interview results should be reviewed in the context that the “split payment” expense process had only recently been discontinued, and many comments were blurred by the final data clean-up required on their Visa statements due to the “split payment” legacy process. From the most negative to the positive, the common themes from the interview comments are:

NO TIME SAVINGS – as per the stakeholder category above, the following comments substantiate the lack of efficiencies through the Visa card integration to Necho NavigatER:

- “BTI should send me copies of the traveller airfare itinerary because the travellers are not motivated to do this.” (in reference to CC2 statement reconciliation – this was raised within the Travel Agency study as well)
- “It’s disrespectful that the PO’s don’t provide the back-up I need to do my job.” (similar to comment above)
- It can be 2 months before a transaction shows up in NavigatER.
- Common irritant expressed from foreign office interviewees is that there are some keystroke savings in NavigatER with the pre-population, however, slow system response time eliminates any time savings overall (in fact adds time and burden).
 - One regional controller commented the slow response time was curious, given the fact that the foreign offices are using the solution in the night time hours in Canada.
- Merchant names are often the name of the clearing house for Visa (and not the actual supplier) making reconciliation in NavigatER difficult. Several interviewees indicated it would be easier to simply type it fresh as an expense item (this comment pertains exclusively to the CC1 cardholders).
 - One regional controller indicated the # of expense claims has increased, in order to submit concurrent with Visa payment cycle timelines, rather than on a per-trip basis.
- More detail is required to be completed in the NavigatER system than the old system, therefore, it’s more time consuming now. Several interviewees indicated it would be faster to type it freshly into a template (or NavigatER) rather than sift through the electronic charges in NavigatER to find the line they are looking for.
- Foreign exchange calculations are complex in NavigatER given the Visa expense may have been incurred, for example, in Africa, however, Visa converts to US\$ and then to CDN\$ for account billing. Interviewees indicated it would be simpler to convert it manually from the original expense receipt and enter it manually into the expense claim.
- Frequent travel, and lag time for merchants to submit expenses to Visa, can mean an expense claim needs to be completed mid-cycle in order to keep the individual credit limit refreshed on the CC1. Several interview candidates (both arrangers as well as travellers) indicated it would be faster and more meaningful to simply file an expense claim each time a traveller returns from a trip.
- Written processes should be communicated to all cardholders to indicate what the card should be used for (e.g. supplies, etc.), what the receipt requirements are, procedure to ensure cardholders have the necessary back-up copies (e.g. travel invoice/itineraries) – note this comment has been reflected as part of the Policy document background review earlier stated in this report.
- Per diems sometimes cause people to expense personal items (not on purpose) as they are using their CC1 for meals and then expensing the meal as well as the per diem.
- Strong preference by travellers and their administrative support (from all regions) to enter expenses on a “per trip” basis rather than the Visa statement cycle. The approver has less confidence (and less understanding of the trip costs), as he/she is not seeing the whole picture because the expenses are fragmented over several claims.

- Most cardholders indicated they are clear when interest is applied by Visa – and given travel schedules, cardholders often are away when they have unknowingly fallen past the statement cut-off date.
- “The Split Payments process was a nightmare – I’m glad this has been fixed!”
- NavigatER is literally “double” the workload we had previously
- Initially thought a traveller would be able to do the expense claim while on travel status, but this is impossible due to the slowness of the system from foreign locations
- Benefits seem to be for the collectors of the information, and not the employee users
- No consultation with the user community in the selection and rollout of this process

TIME SAVINGS – again, as per the stakeholder categories above, the following are the positive views – primarily from users who have become highly familiar with the Necho NavigatER system, or use it frequent (e.g. “super user”):

- “It really is pretty straight forward after you get some training – Manon Raymond saved the implementation with her training assistance and positive attitude!”
- For CC2 cardholders, it’s pretty easy as there isn’t as much detailed information required for an airfare expense as compared to what the CC1 cardholders have to enter.
- “It’s great once you get the hang of it!”
- It speeds up the entering of my CC1 claim – I do it myself.
- I’d like to enter the expenses myself (as a CC1 holder), but we were advised to have the department administrator do this on our behalf – and I actually find this takes more time to pass along all the pertinent details.
- It saves time as repeated line items do not have to be re-keyed
- It helps us ensure all expenses charged to the card are accounted for.
- Less manual entry means fewer errors entered

QUESTION #3 – What is your view of the market acceptability of the existing Scotiabank Visa card? Do you have an opinion regarding the use of a MasterCard or American Express card for your travel needs?

The views were unanimous in the acceptance of the Visa card product having the most acceptability on a global basis – to meet the business needs. There were a small number of irritants mentioned, however, generally, the feedback supports a continuance with the Visa platform and Scotiabank – should the card program continue at IDRC.

Specific comments from the interviews to substantiate this conclusion include:

- “Visa is far more accepted than the other two cards where I travel the most (West and Central Africa).
- “Visa is fine, as would be MasterCard. Scotia choice is OK too, but their service in French is poor. Perhaps Bank of Montreal Master Card may be better.”
- “Making payments for the Scotiabank Visa, even in my own neighborhood in Ottawa, was initially a problem as the tellers didn’t recognize their own card. It seems to be improving.”

- “Visa is the best choice internationally. There are a few places MasterCard is better, however, we would be in a worse situation if we just had MasterCard.

QUESTION #4 – How important is a credit card loyalty (e.g. points) program to you as it pertains to business expenses?

There was a general consensus among the interview participants that a credit card loyalty points program really should not be considered as a significant factor for a corporate card program. There were a small number of opinions expressed that considered the notion of central collection of card loyalty points – and use the points corporately (which to the best of my knowledge does not exist in the market). Given that Scotiabank’s Commercial Visa card program presently does not offer a loyalty program, it would be necessary to change card suppliers. There is no evidence there is any reason to change card platforms (e.g. Visa), or the provider (Scotiabank).

The most frequent comment from the **majority** interview candidates (either a CC2 holder speaking on behalf of their team, a regional office employee, or a CC1 holder – frequent traveller):

- **“Not important at all to me.”**

Specific comments about the loyal program considerations include:

- “Points are difficult to cash in anyhow – I really don’t care about the points programs.”
- Points should not be applicable on a business card program.
- “Quite important – this would enable family members to occasionally join their partners on travel.”
- “Very important – one of the reasons I use a personal card for the per diem related expenses is that it allows me to collect points.”
- “Yes – if there are cost savings for the centre.”
- “Away from Canada – claiming the rewards is difficult – this is not a big incentive for most people.”

Question #5 – How important are travel insurances offered on credit cards? Have you made use of any such insurance (e.g. lost baggage, flight delay, etc.) while on business travel for IDRC?

Most interview participants appreciate the fact there is insurance coverage on the corporate card, however, very few have ever made a claim. Those who have, indicate it can be a lengthy (and difficult) process, but the insurances worked (and were applicable). There was a specific medical insurance claim (in progress) referenced by a participant, and they were unclear if this was applicable.

Generally, a bit more communication about the insurance provisions on the card program may be required (this is consistent with comments in Question 1 indicating the card benefits have not been well communicated – refer to “Minor Considerations”).

Specific feedback from interview participants includes:

- “It is definitely important but (thank God) I haven’t used it yet.”
- “I find these insurances very valuable; although I find documentation on how to use them sparse and hard to find. I worry that I wouldn’t know what procedures to follow if I needed these insurances.”
- “It is a good advantage – but our regional has not ever made a claim.”
- “I’ve never used it. Once, when I lost a bag, I received compensation from the airline.”
- “I used it once for a baggage claim – and the results took 3 months, but the insurance worked.”
- “I know there is car rental insurance, but I haven’t used it.”

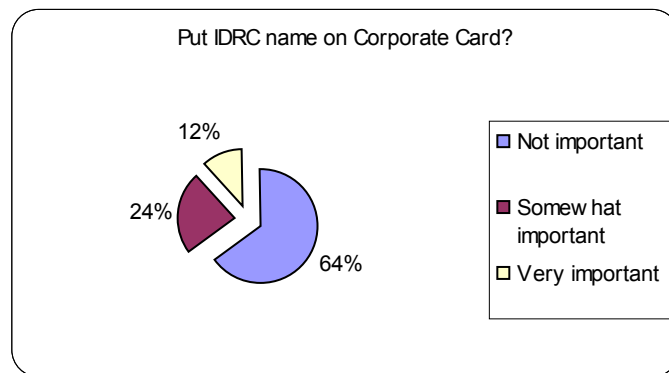
Question #6 – Have you ever used a credit card supplier’s telephone assistance services (e.g. emergency assistance, billing inquiries, lost/stolen card)? Please explain.

Generally speaking, the primary reason people have contacted this number pertains to account billing inquiries or the possible identification of fraudulent card usage. Specific feedback from the interviews is as follows:

- Used the English service to report potential fraudulent transaction on the card. Scotia reversed the charge, reassured it was completed. The service was professional and seamless.
- “I have had calls from Scotia regarding “out of pattern” spending on my CC2 card just to verify if the expense is legitimate. Their fraud detection seems to work.”
- One interviewee mentioned his/her card had been fraudulently used – and when speaking with Scotia was advised the card should be re-issued. The card was re-issued efficiently.
- “I contacted the French service once with a billing inquiry – the French language was extremely poor.”
 - We understand the Scotiabank French telephone service had initially been provided by a 3rd party outsourced agreement – in 2001/02 – which resulted in service provided through a translator. Feedback from another interviewee with a more recent experience indicates the French service was acceptable.
- “I tried to call them from Cairo regarding a spending limit on my card. I could not get through so Andrew Cray in Ottawa handled it for me.”

Question #7 – How important is it to you to have IDRC’s name on the credit card you use to incur business expenses? (a) Not important; (b) somewhat important; (c) very important.

The majority of interview participants indicate it is not important to have IDRC’s name on the corporate card. The results are as follows:



There were no particular views expressed to indicate having the name on the card would necessarily increase risk to personal safety.

- *Informational item* – some corporations who travel extensively to South America, and have a global brand recognition (e.g. oil and gas companies, banks, etc.) tend to avoid placing their corporate name on the card as part of their overall strategy to reduce safety risks such as kidnapping targets.

Some CC2 cardholders indicate it to be very important to have the company name on the card. Some interviewees mentioned it was convenient to have the company name on the card as it helped differentiate this card from any personal cards.

Question #8 – How important is bank machine cash access to you? Do you have any opinions regarding Scotiabank’s cash access capability versus another preferred solution (e.g. personal credit card, or another card supplier such as MasterCard or American Express)?

The interview participants commonly indicate the access to bank machine cash is extremely important. Many use the cash in the situations where credit cards are not accepted at all. Some use the cash for small dollar items such as per diem eligible expenses. Most interviewees indicate a relative ease of accessing cash, even in international locations, as Visa participates on banking networks that have global reach (e.g. PLUS, VISA, Interac).

Some comments specifically raised include the following:

- “Corporate Visa card offers good access to cash – probably as good as any card.”

- “This is very important and it is improving in West and Central Africa. I would like the Centre to maintain the Visa card especially for this.”
- Some interviewees (primarily frequent travellers) prefer to rely on their personal cash and take local currency en route. These travellers find using personal cash simpler than using the corporate card for their cash access – only as it pertains to the expense reconciliation process given the personal cash is individually paid.
 - Conversely, one participant indicated using the corporate card was essential as his personal credit cards (linked to the Cirrus and Plus) network sometimes did not work, however, the Scotiabank “VISA” worked on the “VISA” banking network.
- One interviewee indicated some difficulty accessing cash on the corporate Scotiabank card when approaching a teller within a branch (not via an ATM).
- Some interviewees indicated they would not want to use their personal credit to fund cash requirements for business travel

Question #9 – A variety of other models exist for delivering “payment” solutions. Do you have an opinion as to whether one of the following possible models would be most appropriate for your business needs? Why?

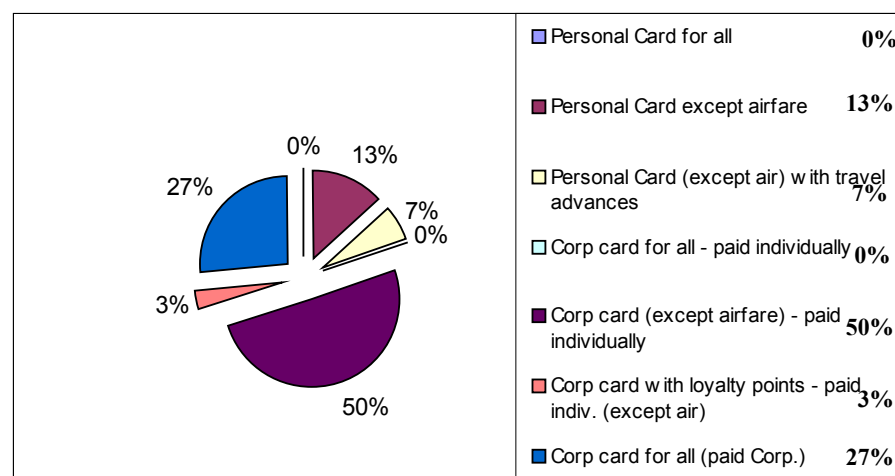
- a. The traveller uses his/her own personal credit card
 - i. For **all** business expenses and seeks reimbursement
 - ii. For all expenses except airfare – where airfare is paid directly by IDRC
 - iii. Same as (i) and (ii) augmented with IDRC issued travel advances
- b. The traveller uses an individually-issued corporate card
 - i. For **all** business expenses, and is responsible to pay the monthly bill, and seek reimbursement
 - ii. For all expenses except airfare – where air is paid by IDRC
 - iii. Consider (i) and (ii) augmented with a card loyalty/points program (e.g. would you take responsibility to pay the corporate card bill if you had a points program)
 - iv. For **all** business expenses and the entire monthly bill is paid by IDRC after the expense claim has been approved/submitted
- c. Other options?

With respect to the support framework for the above model desired:

- d. What credit limit do you need each month for business expenses or cash withdrawal requirements
- e. What requirements you have for on-line visibility into your credit card statement (e.g. web access to your charges and billing information)

Interviewees, including those from the regions, were presented with the above payment system models and asked to indicate which they felt was most appropriate for IDRC, and

Desired Card Management Model



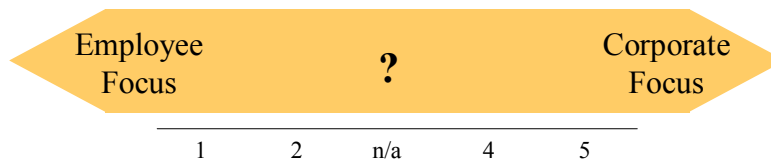
#1 Rank – status quo where Corporate Cards (except airfare) are paid individually
 #2 Rank – Corporate Cards where all expenses are paid by the Centre
 #3 Rank – Personal Cards paid individually (except airfare)

why. The following chart provides a summary of the responses to parts a to c of this question. (Note: regional participants were out numbered by head office participants by a factor of 5.)

Based on the interviews, the majority of interviewees support the current model where Corporate Cards are provided to the organization, and IDRC is responsible to pay for airfare, while individuals pay the remainder of expenses and seek reimbursement.

One-half the respondents believe that the current state is the best option for IDRC. In addition, a significant number of respondents indicated that option “corporate pay all” is of interest. However, by a large majority, the respondents who indicated a preference for a model **different** from the current state did **not** express opposition for the status quo. These differing views were of two themes:

- desire to augment the status quo with individual choice (e.g. permit personal card usage while continuing to offer corporate cards)
 - views commonly expressed by the individual travellers and the regional offices located outside Canada (a few exceptions)
- keep it simple and streamlined; ensure a consistent and standard approach
 - views commonly expressed by the management team and executive or administrative assistants



These two distinct themes are consistent with the stakeholder identification in Question 1 (e.g. the 4 unique stakeholder groups involved in this review), as well as the underlying challenge to achieve a balance between an employee-friendly and corporate friendly environment.

Synopsis of Key Opinions from Interviews

The following provides a synopsis of the key ideas and opinions expressed by interview participants about specific card/payment management models:

OPTION #1 (Question 9a) - The traveller uses his/her own personal credit card

- i. For all business expenses and seeks reimbursement
- ii. For all expenses except airfare – where airfare is paid directly by IDRC
- iii. Same as (i) and (ii) augmented with IDRC issued travel advances

Of those strictly **opposed** to this option, the common opinions include:

- No support whatsoever for option (i) where the individual pays the entire balance.
 - The centre should always pay the airfare – it's a large amount.
- Research officers could not rely exclusively on personal cards as it's too much for someone who can't get the spending limit they need for a trip.
- "We could use personal cards, and have IDRC pay 1 membership fee. However, there will be issues regarding personal credit limits for some program officers, therefore, we need to supplement with a corporate card program – standing advances are more work than tracking receivables."
- "Identify theft is too much of a risk to rely heavily on my personal card for business use."
- "It would be worthwhile to do a cost benefit of standing advances. Given today's low interest rates, it would be more traveller friendly to offer travel advances."
- "All of these are bad ideas. They add more work and no additional convenience."
- "Mixing personal with business is too complex."
- If personal cards are used, the traveller will expect reimbursement very quickly – which may not be possible all the time, therefore, it's better to have a supplemental program
- The standing advances were complex for reconciliation purposes
- Business and personal should be 2 different things and not promoted within a business solution.
- "Some sponsored travellers do not even have a credit card. It would limit our scope of action and flexibility if personal cards were supposed to be used." (GAD comment)
- "Too much visibility into the personal life of the traveller." (comments from several interviewees)
- There may not be insurance coverage on the individual's card, and administrators may need to spend time to manage this for the individual.

Of those who expressed **support** for the use of the **personal** cards, common opinions were:

- There is some appetite for use of personal cards – if it was not tied to Necho – and has the ability to expense the cost of one personal card annual fee.
- Some travellers want their points – and use personal cards for their per diem eligible items – which is okay anyhow since the per diem is expensed
- “I prefer people in our region to use personal cards, and have IDRC pay the membership fees. Some staff members prefer not to deal with Canada for the Scotiabank solution. Airfare is a major expense and should be paid centrally.”
- “Allow a combination of personal and corporate. Strike an agreement with each employee that wages may be garnisheed if non-payment arises on the corporate card.”

OPTION #2 (Question 9b) - The traveller uses an individually-issued corporate card

- i. For **all** business expenses, and is responsible to pay the monthly bill, and seek reimbursement
- ii. For all expenses except airfare – where air is paid by IDRC
- iii. Consider (i) and (ii) augmented with a card loyalty/points program (e.g. would you take responsibility to pay the corporate card bill if you had a points program)
- iv. For **all** business expenses and the entire monthly bill is paid by IDRC after the expense claim has been approved/submitted

Of those strictly **opposed** to this option, the common opinions include:

- Regarding loyalty points:
 - Loyalty points should not be a big decision factor for a business program
 - “It is not good to have a loyalty program – it is hard to enforce if people belong, and whether these benefits should be applicable personally or corporately.”
- “Profiles must be updated with BTI travel; it is one more thing that is not streamlined.” (re CC2 relationship to the traveller profile)
- If we were to pay ALL expenses on the corporate card (e.g. option iv) we would be chasing receivables
- If it were possible to have the traveller provide the coding needed for the airfare expense directly into the expense claim, this would be ideal as they have the best information (and back-up documents)
- In the individual pay scenario, there can be credit limit problems for frequent travellers who cannot turn around the expense report fast enough (and travellers can be out-of-pocket waiting for the transaction to show up in NavigatER).
- “EA’s are chasing the coding for CC2’s from the individuals which poses additional burden for all involved. Can this be improved at all?”
- There is a common view among the management stakeholder group there may be too many CC1 (individual cards) issued and an exploration of the “infrequent travellers” versus “frequent travelers” should be undertaken to review issuance to these distinct groups (comment in the context of any increase in risk to IDRC as a result of too many cards issued)

Of those who expressed **support** for the use of the **corporate** cards, common opinions were:

- “Ensures we have the data we need to protect our airline discounts and negotiations.”

- “Some of these options are marginally better than personal card use, however, I would prefer IDRC pay the entire balance – rather than me (indicating a preference for iv above).
- One standard process is easier. “Today we must account for some personal items blended on the corporate card and this is extra work.”
- “The CC2 is working great.”
- “The current system is working well for both CC1 and CC2 users in my region.”
- “The current solution is the best (where airfare is paid by IDRC), however, refunds for airline credits are often delayed and given the fact the CC2 expenditures are dealt with by the Centre, this relieves the burden to the individual.”
- Corporate pay “all” would be much simpler for the travellers and for reconciliation purposes (viewpoint from a CC2 holder).
- Corporate pay “all” would force people to reconcile their personal items, however, there are additional transactions, which would be paid by IDRC and need to be recovered. There would be no interest charges as it would always be paid on time.” (viewpoint from a CC2 holder)
- “Corporate pay “all” would be too much work for the centre at IDRC as we would need to create receivables and manage this additional workload – it’s better if we pay the employee – and not the card.”
- “It’s better to have clear direction – if an executive assistant or administrative assistant is working for 3 people, who are all using a variety of processes, it will be a nightmare.”
- “I prefer to continue status quo for our region. I do not want to use my personal card for business, and I prefer that airfares are paid by IDRC.”
- “Card benefits have not been communicated well at all.”
- Using the card to purchase supplies, such as books, is working well.

OPTION #3 (Question 9c) - Other options?

- The additional option to consider a “combination model” of the personal card usage augmented by the corporate card was raised by some interview candidates. Therefore, this model was considered in the tally of opinions expressed in the above chart. The majority of opinions, however, indicate to many choices is complex – and there is a strong desire for standards. High occurrence of fraud (or erroneous) charges on the card would become complex for administrators (and individuals) to sort when business and personal expenses are blended.
- Additionally, the “mechanics” of Corporate Paid expenses versus “Individually Paid” expenses were explored with Scotiabank in their interview. Considering the strong support by interviewees to continue with a corporate card platform, and the corporately paid airfare account, the consultant and Scotia discussed viable modifications to the current state with the objective to streamline and simplify business processes for IDRC. Please refer to the section regarding Card Management Models evaluated.

(Question 9d & e) - The following provides a summary of the responses to parts d and e of this question. With respect to the support framework for the above model desired:

- What credit limit do you need each month for business expenses or cash withdrawal requirements
- What requirements you have for on-line visibility into your credit card statement (e.g. web access to your charges and billing information)

With respect to the card limits – and the ATM cash limits:

- The consistent view across all interview candidates is that the card limits are sufficient. Where they are insufficient, consistent evidence indicates the limits can be adjusted quickly and put into effect almost instantly to meet business needs.
- There was some concern amongst CC2 cardholders that the high spending limits on the cards make them nervous knowing they have this card in their possession (or even locked up in a secure place). However, the limits are appropriate for the business spending volumes required on these accounts.
- There was concern in New Delhi that large amounts of cash are being accessed on the corporate card – for personal use. Given that the ATM charges are not coming into Necho, the approvers/managers have little visibility into this.

With respect to the on-line visibility of the card statements (e.g. Scotiabank’s “Pathway” software on the web for individual account viewer ship):

- The consistent view across all interview candidates is that this software is of limited use and not very user friendly. Most rely on the electronic statement sent to them, or rely on the drop-down list of charges in Necho NavigatER. There were a few interviewees (primarily in the regions) who indicated some usefulness to browse this website to see what charges (or refunds) are pending – which provides an advance look at what will be coming on the monthly statement.
- Some interview participants had never visited the website. Of those who had used the website (or tried to), and declared it not to be useful, some of the specific comments include:
 - “It is awful and counter intelligent – in fact, impenetrable!”
 - “It’s pretty bare bones – my personal card’s website has more information than the Scotiabank site.”
 - “I’ve used it – but I prefer to wait for the statement.”

Question #10 – At the time of contacting BTI Travel for your trip bookings, do you generally know the cost centre number (or budget number) where trip costs will be applied?

The majority of interviewees indicated they would NOT know the cost centre number at time of booking – but agreed they would know where to get it. However, a significant number of interviewees also indicate their cost centre number is often not determined until funding for a particular project is secured, therefore, does not exist at the time of contacting BTI. Many interviewees indicate the EA or Admin. Assistant typically knows the number; conversely, other interviewees indicate the EA does not know the number – and may not be good with numbers (therefore, erroneous coding is applied). The general view is there is risk in assuming this can be

given at the time of booking with BTI. The sponsored traveller group may be an exception as their budget is embedded in their business process and the user is provided with the coding ahead of time.

The background to investigate this information at the time of interviews is to explore the opportunity of comparing the BTI booked air transaction data file with the Corporate Card airfare transaction file. Some organizations “auto-match” these files to conduct the reconciliation of a centrally billed airfare account and prepare the coding for upload to the accounting system.

Question #11 – Is there anything else you feel we should be aware of?

Some interview candidates took this opportunity to express specific views about elements of the managed travel program (agency, card, or expense solution). Specific feedback is as follows:

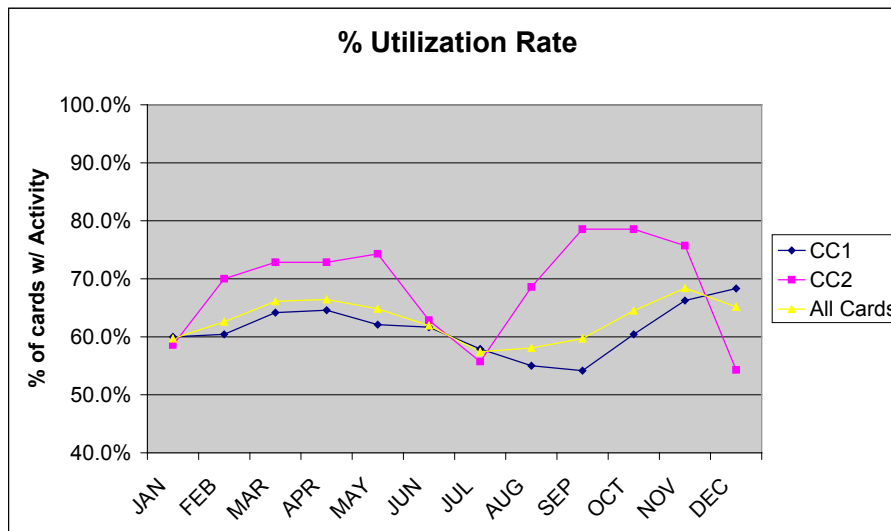
- “Whatever is new in the program should be determined through consultation of PA’s and travellers (it seems feedback is collected after the fact). There was no clear demand to change the expense process and yet it was done.”
- Card program benefits have not been well communicated.
- The “split payment” process was a nightmare and was not well consulted prior to implementation.
- Some employees would be burdened if there were no card program – we must retain this.
- “Necho NavigatER is very time consuming and slow. When “Toronto is sleeping” – we are working in New Delhi and it can take 5-7 minutes for a screen to change. This results in several hours to complete one expense claim.”
- “Manon Raymond has a great attitude has been a tremendous help in the NavigatER implementation.”
- Credit cards are not widely used in Africa; therefore, suppliers take a lot of time to post their transactions to Visa. This makes it difficult to reconcile in Necho and get the reimbursement for the CC1 holder (it can take many months to a year)
- “No further comments – however, thank you for consulting our region.” (Dakar)
- We should offer training to cardholders to teach them how to pay their Visa accounts.
- When a CC2 cardholder is on vacation (or away) it can cause BTI to apply a transaction to the cardholder account – or to another account erroneously. This process is complicated.
- “A recent survey of the BTI travel agency was not anonymous and it was disjointed given the October 2005 Travel review already collected this information.”
- “BTI is allowing multiple counselors to work on an upcoming Workshop rather than focusing the efficiencies on 1-2 counselors. Nikki is the only one with the binder organized.”

APPENDIX D CARD UTILIZATION ANALYSIS

All data in this appendix relates to card usage for the period:
January 2005 to mid-December 2005 as retrieved from the Scotiabank Visa reporting tool.

The following figure indicates consolidated card usage patterns for the period.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR 2005
CC1	60.0%	60.4%	64.2%	64.6%	62.1%	61.7%	57.9%	55.0%	54.2%	60.4%	66.3%	68.3%	61.3%
CC2	58.6%	70.0%	72.9%	72.9%	74.3%	62.9%	55.7%	68.6%	78.6%	78.6%	75.7%	54.3%	68.6%
All Cards	59.7%	62.6%	66.1%	66.5%	64.8%	61.9%	57.4%	58.1%	59.7%	64.5%	68.4%	65.2%	62.9%



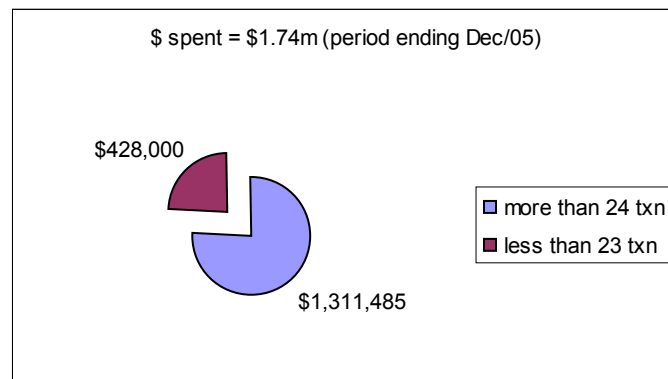
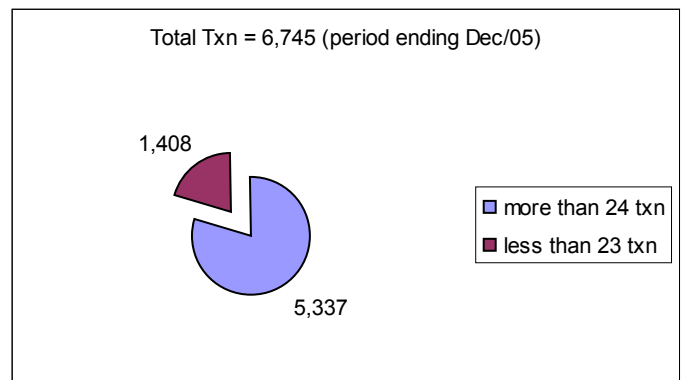
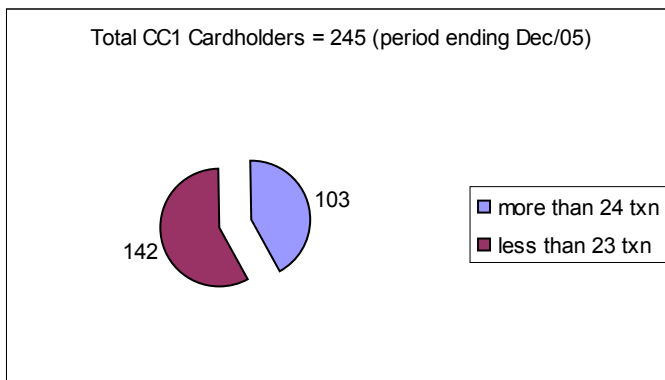
Provided by: Pierre Cyr, IDRC

Observations:

- There is no single month where 100% cardholder utilization occurs
- CC2 cardholders are more frequent users than CC1 (this is an important observation when you consider the “suggested card program model”)
- CC1 cardholders use their cards, generally, more than 60% of the time (and are less active during the spike of airfare purchases in the Aug-Sept period on the CC2 cards.
- As reported in the results of the October 2005 study of the travel reservation model, a severe spike of airline travel purchases occurs August – November and should be predictably staffed accordingly by the travel management supplier (currently BTI).

IDRC Corporate Visa Program - Snapshot		
Total Cardholders	Total Txn	\$ spent
322	12,254	\$7.23M
CC1 = 245	CC1 = 6,745	CC1 = \$1,739,485
CC2 = 77	CC2 = 5,509	CC2 = \$5,546,933

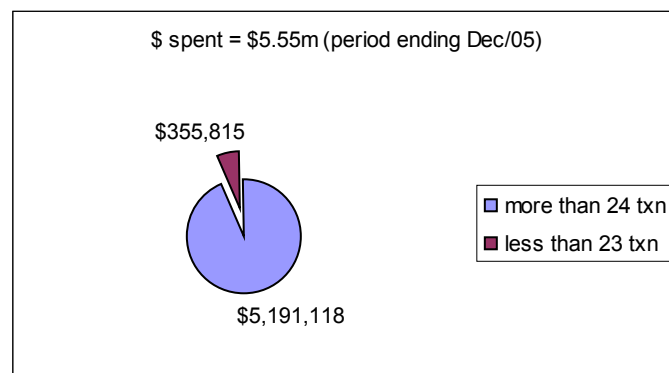
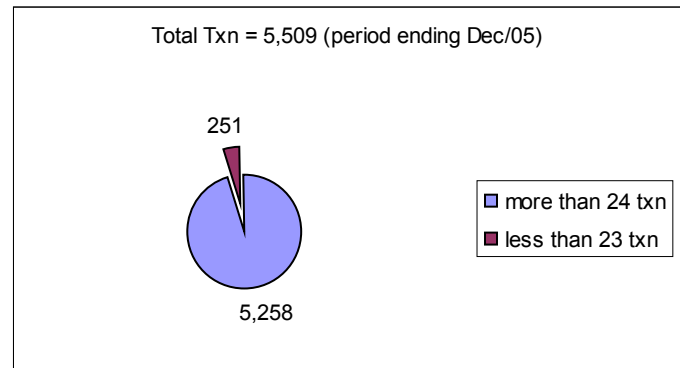
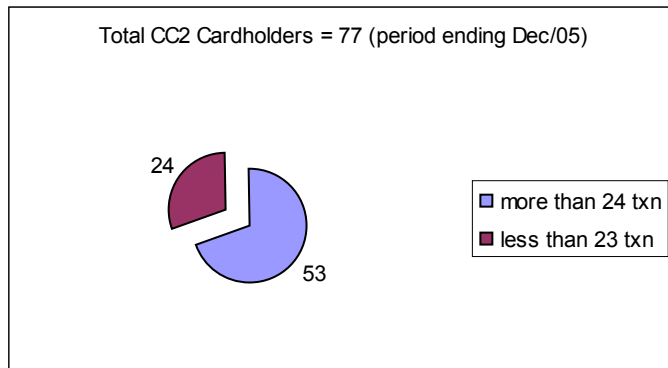
The following figures further detail card utilization for the CC1 cardholders:



Observations:

- 42% of the CC1 cardholders use their cards 23x/year (e.g. approximately 2x/month)
- These cardholders are responsible for approximately 75% of the dollar volume spent and approximately 79% of the transaction volume (e.g. important user group)
 - There are 2 individual cardholders, who are using their card fewer than 24x/year, however, are spending more than \$15k/year, but generally speaking the above is a representative sample of spending patterns.

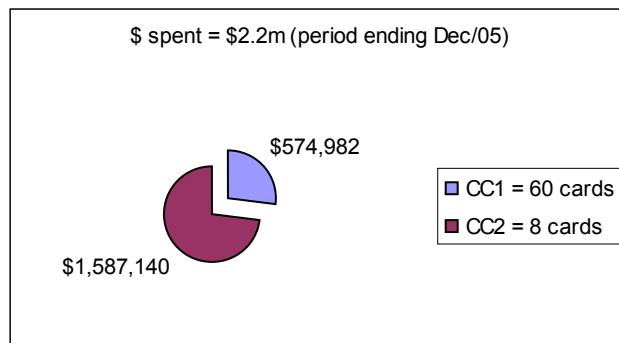
The following figures further detail card utilization for the CC2 cardholders:



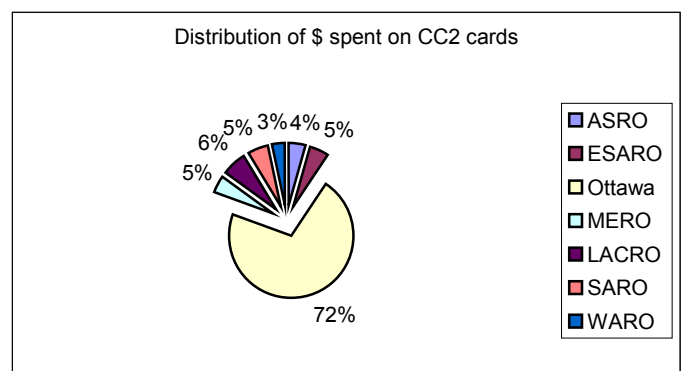
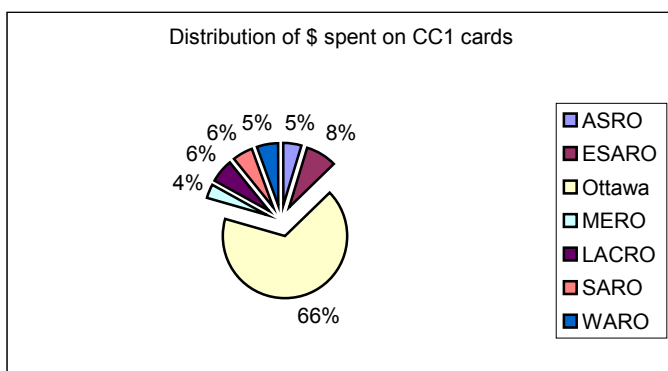
Observations:

- 69% of the CC2 cardholders use their cards 23x/year (e.g. approximately 2x/month)
- These cardholders are responsible for approximately 94% of the dollar volume spent and approximately 95% of the transaction volume
 - There are 5 individual cardholders, who are using their card fewer than 24x/year, with spending lower than \$1,000 total which may be cause to review the issuance and usage patterns of these individuals.

Regional office breakdown (Ottawa spend is not included):



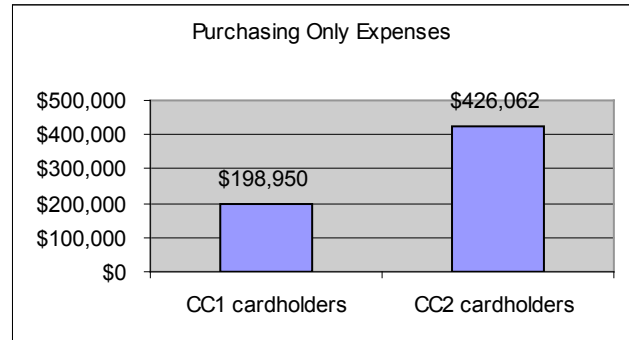
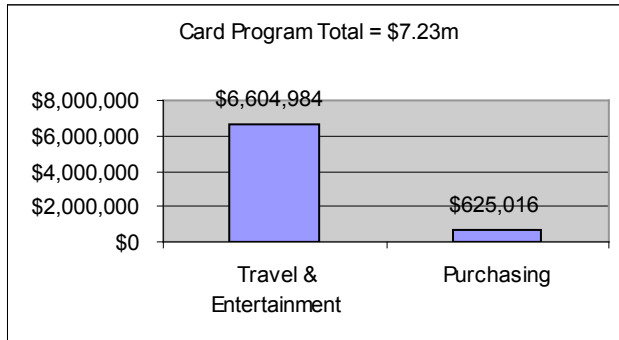
Regional office breakdown (Ottawa spend IS included):



Observations:

- Regional offices are responsible for ~21% of the cardholder base and ~30% of the dollars spent
- Spending patterns on both the CC1 and the CC2 are reasonably similar across regions, with the exception of Ottawa

Purchasing-related expenses versus Travel and Entertainment expenses (the following does not attempt to provide a breakdown by region):



Observations:

- Of the \$625k of purchasing related expenditure, approximately 1/2 is conducted on the CC1 card today, which is **not** paid by IDRC (but rather the individual). Given the low dollar nature of these expenses, the cardholders did not express this as an irritant during the interviews. However, should the purchasing card program grow, it may be appropriate to consider these transactions for a corporately paid program. Rebate impact should be considered prior to a conclusion.
- Approximately 10% of the total card program expenditure is non-travel related. Given the lack of communication about this process, this is an aggressive number. Before any further promotion of the purchasing card program is completed, a conclusion should be reached about the corporate payment of these expenses (e.g. currently the CC2 platform), and as mentioned above, and any potential negative impact on the rebate earning, if material.

APPENDIX E CARD REBATE OFFERINGS

Exploratory of Industry Financial Agreements

Market Intelligence



This information is market sensitive, and should not be shared outside IDRC.

The following table provides a market comparison of competitive corporate rebate offers. In order to maintain client confidentiality, it is not possible to disclose the card supplier or client names.

For purposes of comparison, the following apply:

- Basis Point (“bps”) = 0.01%
- Average Transaction (“avg txn”)
- Assume no value in speed of pay incentives are applicable (offered as reward for payment faster than 30 days)
 - Clients frequently involve their treasury representatives who consistently validate the time/value of money does not provide a sufficient return on investment to remit payment faster than the typical payment cycle (e.g. 21 or 30 days), therefore, it has been ignored in the table below
- Note the Comparator corporate card suppliers do not “hook” the rebates to average transaction values.
 - Comparator information is current (within the past 2 years) and was obtained through competitive Request for Proposal (RFP) processes for clients spending in excess of \$20m/year (larger than IDRC’s current spend).

Table 15

Rebate Threshold Annual Spend	IDRC's Scotia Visa		Card Supplier Comparator #1	Card Supplier Comparator #2
\$0 to <\$3m	<i>No rebates offered</i>			
	bps	Avg Txn		
>\$3m to <\$6	17	\$500	15 bps	0
	22	\$750		
	25	\$1000		
>\$6m to <\$10m <i>Current IDRC threshold</i>	22**	\$500	15 bps	0
	27	\$750		
	30**	\$1000		
>\$10m to <\$12 m	26	\$500	35 bps	0
	31	\$750		
	34	\$1000		
>\$12m to <\$15m	*Same as > \$10m		Same as > \$10m	35 bps
>\$15m to <\$22m	*Same as > \$10m		45 bps	46 bps to 54 bps
> \$22m + scale continues for large volumes	*Same as > \$10m		55 bps	60 bps to 64 bps

* IDRC's current Contract caps rebates at volume thresholds beyond \$10m annual expenditure

** 22 bsp is currently paid on the CC1 volumes and 30 bsp is currently paid on the CC2 volumes

Factors influencing rebate calculation today:

- Low dollar volume purchases drive the average transaction cost downward, therefore, driving the rebate earning potential down (using Scotiabank's sliding incentive rebate scale contained in the IDRC current Agreement).
- The CC2 cards are corporately paid and tend to have higher average transaction amounts – attracting a higher rebate. Although not commonly communicated at IDRC, some cardholders are aware they may use these accounts for non-travel related purchases (e.g. low dollar volume goods). This trend may push the average transaction amount on a CC2 downward over time.
- In a scenario where we may consider a possibility of combining the CC1 and CC2 platforms, it is likely the rebate earning potential would fall in between the current incentive paid thresholds for the 2 individual programs given the transaction volumes on the CC1 are slightly higher, yet the dollar value of a CC2 transaction is much higher.
- See Major considerations, in Section 6.0 for suggested action items regarding rebate earnings.

APPENDIX F BACKGROUND TO KEY FINDINGS

Background Review of Relevant Documents

The majority of the documents provided were for the purpose of familiarization and origin of the corporate card program at IDRC. Some specific card data was provided for the purpose of cost benefit and opportunity analysis. (Please refer to Appendix D for the detailed analysis of IDRC's Visa expenditure data for card program management.)

(a) Scotiabank Commercial Card Agreement

Summary of key findings (*reminder – these results should not be shared with Scotiabank if IDRC wishes to maintain a strategic advantage in any future contract renegotiation*):

- Financial rebates are **better than** industry average (when considering current IDRC \$7m card volume of expenditures – prior to deducting cash advances and credits - against other private industry contracts who spend in excess of \$20m/year). However, should the volume grow (e.g. non-travel expenses), the rebate volume thresholds should be renegotiated given the existing Agreement caps at \$10m annual spend (refer to Appendix E). Note that the competitive card supplier rebates improve at the \$10m - \$15m threshold – which may be a realistic expectation for IDRC volumes should purchasing-related items be added to the card program. The competitive card suppliers do not “hook” the rebate to average transaction amounts at these volume thresholds – unlike Scotia. See Section 6.0 (Major Considerations) for suggestions regarding next steps.
 - Having said this, however, the annual rebate paid to IDRC last period was approximately \$17,000 for a 1-year period. This may not be a material amount when considering the time of resources to manage the program. See cost benefit analysis in Section 2.0.
- Risk Management for IDRC's program is provided through the Agreement's “liability waiver insurance” (to a maximum amount \$100,000 per card). This waiver, when invoked by IDRC, calls upon insurance (provided by the Royal and Sun Alliance Insurance Company) to protect IDRC from any misuse or fraud (including the scenario where an individual has been reimbursed for legitimate business expenses and subsequently fails to remit payment on the Visa account).
 - Through the course of the on-site interviews, especially with senior management, it was evident there is very little awareness of this feature. As a suggestion, it may be appropriate to raise awareness of this insurance among the senior management team as evidence of risk management on the Corporate program.
 - Scotiabank's resource centre on their website contains a helpful FAQ document which describes the conditions to enter the waiver process (also on file with the Centre).
http://www.scotiabank.com/cda/content/0,1608,CID9306_LIDen,00.html

- IDRC requires all cardholders sign an Agreement between the Centre and the Employee regarding appropriate use of the card. No cards are provided unless this Agreement has been read and signed by the cardholder. The document contains information regarding appropriate use of this business tool/card.
- Legal Elements – the Agreement is a vendor-issued document and contains little (or no) IDRC standard legal terms and conditions. This is quite common in the market (especially for small volume clients of less than \$20m annual expenditure). Small volume clients typically are required to accept the bank’s agreement and may ensure any mutually agreed conditions are referenced in an Addendum (which is the case with the IDRC/Scotiabank Agreement).
 - Should a renegotiation occur between IDRC and Scotia (which is recommended later in this report), it is recommended, as a minimum, a formal cancellation clause should be added to the Addendum for greater clarity regarding the Termination and/or Expiry of the Agreement as the Agreement is presently “Evergreen”. Forcing an expiry of the financial conditions will assist to keep the rebates market competitive throughout the term of the Agreement without necessarily forcing a Request for Proposal to shop the market for competitive financial terms.

Please refer to Appendix E where an exploratory of market information, outlining corporate rebate offers with other corporations is outlined. This informal benchmark study highlights IDRC’s financial offering within the Scotia contract when compared to other client contracts with some of Scotiabank’s competitive set (e.g. MasterCard, Amex, other Visa providers).

(b) Scotiabank Visa Business Intelligence and Management Reports

Please refer to Appendix D where a detailed analysis of card utilization and other card program statistics appear.

Intelligence from the corporate card has a direct relationship and impact on the operational components of the expense solution, and the travel agency. For example, corporate card usage trends predict severe spikes of airline ticket purchases September – November and should be proactively positioned with the travel agency to staff accordingly for this predictable demand. This kind of trend identification and analysis is essential to the ongoing maturity of a holistically managed travel and expense program.

Through the course of reviewing several Visa reports (as well as previous familiarization with this solution from another client’s implementation in 2004/5) it is my view the Scotiabank Visa solution offers a robust data source for the purposes of commodity management, governance, trend analysis, card coordination, and cost savings identification.

Scotiabank engages a 3rd party to provide its card administration and business intelligence solution. Procard, Inc. (in Denver) has deployed its solution “Pathway Net” to many customers in North America, including Scotiabank.

- Procard's platform also includes an automated expense solution, however, this would offer **no benefit** to IDRC. The vendor's "commercial off-the-shelf" approach provides few configurable elements (for either the Visa expenses or the out-of-pocket module). Having implemented both the Procard expense solution, and having participated on a project team implementing the Necho expense solution, it is my opinion the Procard solution would be far less flexible than IDRC's existing Necho NavigatER solution and should not be considered as a potential alternative in any future expense review.

Procard's Pathway business intelligence and reporting solution is extremely robust. IDRC's card coordinator currently reviews standard reports each month to forecast expenditures versus the credit facility in place for the program (e.g. are we risking program closure with insufficient credit lines), and prepares reports on the aging of accounts (e.g. delinquencies). In addition to the standard governance reports, numerous reports are available to analyze spending patterns by cardholder, by commodity, trends, etc.

Today, IDRC offers limited viewer ship to all cardholders. Most cardholders, during the interview process, indicated little usefulness for this on-line access -- indicating they primarily rely on the monthly electronic statements as well as the line items appearing in NavigatER.

IDRC's usage of the Pathway Visa reporting solution should be further exploited. Scotiabank offers training to its clients who are using the Pathway software. This training would have been offered by Scotiabank at the time of IDRC's implementation in 2002, however, with turnover of resources at IDRC, it would be a good use of time to identify key analytical resources to attend one of Scotia's training programs (e.g. 1-day for a fee). Becoming fully familiar with the data would well position IDRC to perform strategic analysis essential to the ongoing management of its expenses.

At this early stage, it would appear some modifications may also be required in the set-up of the card account information within the Pathway software in order to easily extract business intelligence, broken out by regional office, in addition to reports which focus on the consolidated picture. This may require some historic data clean up (e.g. establishing a reporting hierarchy within the software if IDRC sees the benefit of this level of information).

Finally, there may be some symmetries with respect to the NavigatER reporting solution and the Pathway Visa reporting solution; however, each data source would provide different levels of detail in its information – targeted to different analysis – however these users may wish to form an internal "user group" to ensure they are not duplicating analytical effort, and are reviewing information from the better of the 2 data sources.

(c) IDRC Travel Policy

As reported in the October 2005 review of the Travel Agency reservation process, no policy irritants were identified from a travel perspective. However, in the context of the Corporate Card expenses, the interviews indicate the document is lengthy, quite rigid regarding use of the card for personal expenses which may naturally occur throughout the course of a business trip, and does not address some procedural elements (refer to narrative from interviews). Further, the

policy document does not address procurement-related expenses and their applicability to the corporate Visa card, although a number of cardholders use their cards for procurement expenses.

- TRAVEL (and expense) POLICY - Many corporations choose to develop a brief policy statement or “guideline” which captures the essence of the corporate culture, and the umbrella guidelines and rules that apply to all – but still leaving some flexibility for individual decision making by managers where appropriate locally (e.g. when may it be conceivably appropriate for a personal expense to be incurred on the card – and how should it be handled if it had to happen). A “guideline” document is frequently supplemented by a “procedural or practices” document containing the dynamic details subject to procedural or technological change from time to time. Procedural documents are excellent reference guides useful to supervisors or managers responsible for authorizing expense claims or for administrative support responsible for the preparation of expense claims. Lists of preferred suppliers, and travel agent transaction fees, etc., are more appropriately maintained on a website where dynamic updates may easily occur, rather than in policy or procedural documents which tend to be somewhat static over time. IDRC may wish to consider a re-write of this document.
- PROCUREMENT EXPENSES –A document is under development to address non-travel expense eligibility for the corporate Visa card. As it relies on the existing Visa solution for payment practices (presumably of high volume, low dollar items which would otherwise be paid via invoice in Accounts Payable), the Expense statement in the policy should ideally reflect all expenses as well as ensure common business goals are aligned and effectively communicated. If a business case has been done to confirm items eligible for this purchasing card program, a consideration may be to develop a fact sheet or “FAQ” as part of the doctrine’s practices/procedural document to further clarify to cardholders the appropriateness of the expense eligibility for the corporate Visa card. If a business case has not yet been done to identify potential return on investment for a purchasing card program, it should be developed, in order for results to be measured for success.

Conduct On-site Meetings

In summary of the information presented in Appendix C (Narrative Synopsis of the Interviews), the following provides a **synthetic conclusion** for each question posed to the interviewees as a result of the on-site meetings, telephone interviews, and the questionnaire feedback received from regional offices via email.

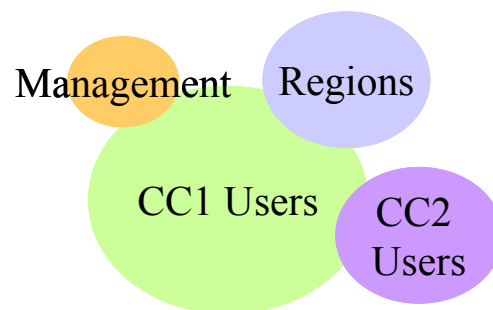
The following information, supporting the on-site meetings is contained in the following appendices:

Appendix A	Interview questionnaire (as approved by TAC)
Appendix B	Final interview schedule as published by IDRC
Appendix C	Narrative synopsis of the interviews

The representative sample and selection of interview participants (i.e. 47 participants representing all regions) indicates IDRC was extremely well represented in the interviews and it is unlikely an individual (or group of individuals) would significantly alter the quality of the results.

Question #1 – Tell us how you use the current card program and what key issues or benefits you see from the current program?

Conclusion: Four distinct user groups were identified as shown below. The regional employee views, regardless if expressed by a cardholder, traveller, administrator, or a member of the management team, contained unique themes, therefore, should be considered separately as a user group -- apart from the other three groupings. These distinct user groups should be considered for any communications, change management, or re-launch activities around the corporate card program (and its linkages to the expense solution).



All stakeholders unanimously confirmed the ongoing viability of the corporate card program (in favour of other alternatives – see Q#9 below) citing the benefits of having the corporation liable for the cards, and the ease of using a Visa product – especially given IDRC's heavy international travel usage. There is no evidence a change of suppliers to another Visa provider would address any of the key findings of this report.

Key issues highlighted through the interviews are:

- high appearance of erroneous charges on the Visa (or possibly fraud)
- expense processing of the Visa transactions in the automated NavigatER solution is a major irritant for the CC1 users and the Regions (and not the use of the Visa card product or Visa corporate card program itself per se – which several interviewees indicate works better than travel advances)
- the corporate card program benefits (as well as the expenses eligible for card use such as supplies) are not well communicated
- senior management support for the program is not visible (or is absent)

QUESTION #2 – Do you believe the automated pre-population of your corporate card expenses in the Necho NavigatER system is efficient and time saving? Why or why not?

Conclusion: Question 2 explores integration with Necho NavigatER; where a lot of passion was expressed from all interview candidates. Some of the feedback received through the interviews has the possibility to impact expense procedures (and guidelines/policy). Although it is not in scope of this report to explore the expense reporting procedures, the comments below should be reviewed in the context of the corporate card data feed – and its integration to the expense solution – and the possibility for some “fine tuning” to the expense procedures as a result of this feedback.

There were four distinct views as sorted by stakeholder category identified in Question #1.

CC1 Cardholders	CC2 Cardholders	Regional Office (including Management)	Management HO
No Absolutely no time savings whatsoever, in fact, adds time for infrequent system users	Yes Definite savings, however, reconciliation can be difficult if details are missing from the traveller	No Regardless of CC1 or CC2 – most regional interviewees indicated painfully slow system response time adds burden.	Yes General view indicates the automation is worthwhile.

CC2 cardholders commonly expressed positive views of the Necho NavigatER solution integration with the corporate card data – many of these individuals use the software frequently and have become “super” users. Therefore, one may conclude the “corporate paid” program (the CC2) users located in Canada have adjusted to NavigatER and are well positioned to be the “go to” people in any future modifications which may be considered with respect to the expense solution.

However, the CC1 cardholders, as well as foreign office employees consistently indicate the integration **adds** burden and time when compared legacy processes.

- ALL regional offices located outside Canada provided comments regarding the speed of the software, indicating it is “painfully slow”, therefore, eroded any keystroke savings the pre-populated Visa information would provide. Regional interviewees are of a common view the added time and burden is not worth it – considering a relatively small number of expense claims annually (e.g. approx. 25 expense claims) given the training, and time spent on this solution for both the user and the approver. They would prefer something more streamlined – even manual would be better. One regional controller indicated the # of expense claims has risen since the implementation of NavigatER as the claims for the CC1 cardholders must be filed concurrent with the Visa payment cycle timelines.

- CC1 cardholders (primarily frequent travellers) indicated several key irritants:
 - mid-statement filings of expense claims are often required to remit payment mid-cycle to ensure credit limits are available on the card for travel – often caused by lag time of merchants to submit expenses to the Visa provider which, when submitted by merchant, can cause the individual to go past his/her limit while on travel status
 - infrequent use of the NavigatER solution to be able to develop any user efficiencies (e.g. don't have expenses every month, therefore, using the solution infrequently is not conducive to learning the software – even for some of the support staff who have volunteered to enter on behalf of the traveller).
 - quite a lot of detail is required for the meal and hotel expenses (much more so than in the past), therefore, this is adding time

QUESTION #3 – What is your view of the market acceptability of the existing ScotiaBank Visa card? Do you have an opinion regarding the use of a MasterCard or American Express card for your travel needs?

Conclusion: Unanimous viewpoint is that Visa is the best solution overall. Some frequent travellers commented they carry a personal MasterCard when traveling, just to be on the safe side, but generally Visa is more widely accepted internationally than MasterCard (and American Express would not be a viable solution). Recognizing some merchants do not accept credit cards whatsoever (e.g. hotels in Morocco), the common feedback received is that Visa is overall the best solution.

There were a small number of irritants mentioned (telephone French language services, and familiarization by Scotia tellers in branches to accept payments), however, generally, the feedback supports a continuance with the Visa platform and Scotiabank – should the card program continue at IDRC, and that Scotia has been improving with respect to the irritants that were initially a larger problem.

QUESTION #4 – How important is a credit card loyalty (e.g. points) program to you as it pertains to business expenses?

Conclusion: Although some interview candidates stated a “points” program would be nice to have, nearly all interviewees commented on the business appropriateness of such a program and acknowledged the Visa card program as a “corporate” program – and any such programs that benefit the individual personally are not of primary concern and are not presently an irritant.

There were a small number of views expressed to consider central collection (by the corporation) and use the points to benefit IDRC corporately. Given that Scotiabank does not currently offer a card loyalty program for its commercial card product, it would be

necessary to shop the market to address this potential opportunity. In my view, there would be limited (and possibly no) opportunity to work with a card supplier to gather points corporately – and to the best of my knowledge, such a scenario does not presently exist with any company in the Canadian marketplace with any card supplier – Visa, MasterCard, or Amex.

Question #5 – How important are travel insurances offered on credit cards? Have you made use of any such insurance (e.g. lost baggage, flight delay, etc.) while on business travel for IDRC?

Conclusion: Most interview participants are aware of the fact there is insurance coverage on the corporate card. However, very few have ever made a claim, and fewer still indicate they have little awareness of the benefits, or how to apply for insurance in the event of a situation. Those who have used the insurance, indicate it can be a lengthy (and difficult) process, but the insurances worked (and were applicable).

Generally, a more communication about the insurance provisions, and how to invoke it if necessary, is required. This feedback is consistent with comments in Question 1 indicating the card benefits have not been well communicated – refer to “Minor Considerations”.

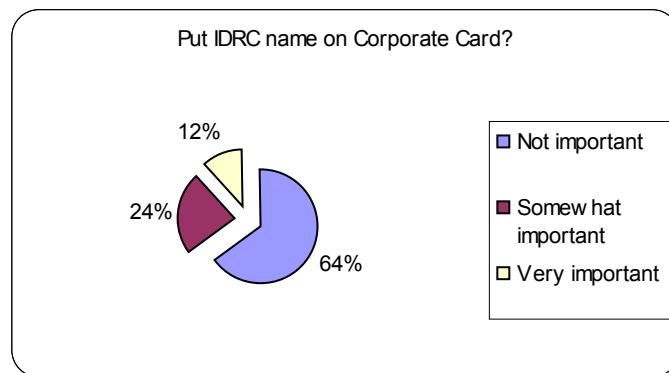
Question #6 – Have you ever used a credit card supplier’s telephone assistance services (e.g. emergency assistance, billing inquiries, lost/stolen card)? Please explain.

Conclusion: A number of interviewees indicate having used the Scotiabank Visa’s telephone service generally for billing-related inquiries. In the earlier days of implementation, there were some occurrences of poor French language services – which seem to have improved (or corrected) according those who have used it more recently. Most interviewees indicate they have not had an emergency situation that caused them to use the service. One interviewee indicated he/she attempted to telephone this service from Cairo, and it did not work – therefore, they worked with Andrew Cray to resolve their issue for them – which was very effective.

The regional offices indicate some difficulty in calling long distance and getting through the automated phone prompts – all while paying long distance rates. Generally, the action item related to the participant feedback is to clarify international dialing procedures for those who may wish to use it, and are traveling (or located) outside Canada – to understand if the long distance # must be used (or if there is a Canada local # which may be used instead).

Question #7 – How important is it to you to have IDRC’s name on the credit card you use to incur business expenses? (a) Not important; (b) somewhat important; (c) very important.

Conclusion: The majority of interview participants indicate it is not important to have IDRC’s name on the corporate card. Those who indicate it is “very important” are from the CC2 stakeholder group. There is no particular impetus to change the current state of the plastic issuance today – which presently includes IDRC’s name. The results are as follows:



Question #8 – How important is bank machine cash access to you? Do you have any opinions regarding Scotiabank’s cash access capability versus another preferred solution (e.g. personal credit card, or another card supplier such as MasterCard or American Express)?

Conclusion: The interview participants commonly indicate the access to bank machine cash is extremely important. Many use the cash in the situations where credit cards are not accepted at all. Some use the cash for small dollar items such as per diem eligible expenses. Most interviewees indicate a relative ease of accessing cash, even in international locations, as Visa participates on banking networks that have global reach (e.g. PLUS, VISA, Interac).

Question #9 – A variety of other models exist for delivering “payment” solutions. Do you have an opinion as to whether one of the following possible models would be most appropriate for your business needs? Why?

- a. The traveller uses his/her own personal credit card
 - i. For **all** business expenses and seeks reimbursement
 - ii. For all expenses except airfare – where airfare is paid directly by IDRC
 - iii. Same as (i) and (ii) augmented with IDRC issued travel advances
- b. The traveller uses an individually-issued corporate card

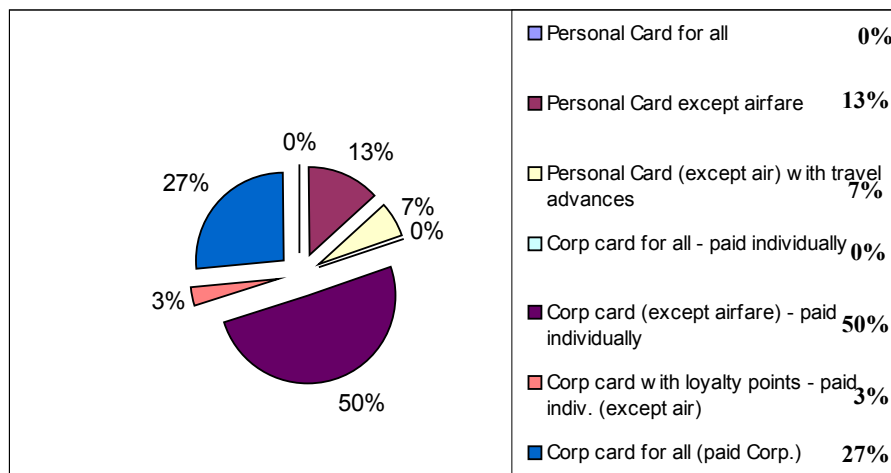
- i. For **all** business expenses, and is responsible to pay the monthly bill, and seek reimbursement
 - ii. For all expenses except airfare – where air is paid by IDRC
 - iii. Consider (i) and (ii) augmented with a card loyalty/points program (e.g. would you take responsibility to pay the corporate card bill if you had a points program)
 - iv. For **all** business expenses and the entire monthly bill is paid by IDRC after the expense claim has been approved/submitted
- c. Other options?

With respect to the support framework for the above model:

- d. What credit limit do you need each month for business expenses or cash withdrawal requirements
- e. What requirements you have for on-line visibility into your credit card statement (e.g. web access to your charges and billing information)

Interviewees, including those from the regions, were presented with the above payment system models and asked to indicate which they felt was most appropriate for IDRC, and why. The following chart provides a summary of the responses for parts a-c of the above question:

Desired Card Management Model



- #1 Rank – status quo where Corporate Cards (except airfare) are paid individually
 #2 Rank – Corporate Cards where all expenses are paid by the Centre
 #3 Rank – Personal Cards paid individually (except airfare)

The majority of interviewees support the current model where Corporate Cards are provided to the organization, and IDRC is responsible to pay for airfare, and individuals pay the remainder of expenses and seek reimbursement.

Respondents, who indicated a preference for a model different from the status quo, did not express strong opposition to the current model – but rather individual preference to augment the existing model with user choice.

Common views identified through the interview process (in response to Parts a, b, c of this question) include:

- A desire for simplicity and streamlining – standard processes wherever possible as long as they are simple (therefore, combination models using various processes for different employees would be complicated and inefficient)
- Continued support for airfare to be paid centrally by IDRC given it's large dollar value
- Strong support for offering corporate cards
 - most interviewees do not want to blend business and personal, and/or do not want to promote visibility into their personal expenses
- Administrative burden to keep BTI travel informed of the CC2 relationship to the traveller as employees change business units
- Administrative burden where CC2 support information (coding and documentation) is not readily supplied by the PO's to the administrative resources
- Too much time is required to enter CC1 line items into NavigatER, however, the CC2 users have positively adopted NavigatER (some exceptions in the regions)
- The lag time by suppliers to submit transactions to Visa can cause CC1 cardholders to be out of pocket for unreasonable periods of time (i.e. 2-12 months) waiting for the charge to come into NavigatER
- Cardholder loyalty programs are not desired or required as part of this business solution.
- Cardholders appreciate being able to use the card for supplies (e.g. books), however, these procedures have not been well communicated.
- Several senior employees of IDRC (from the 4 stakeholder groups as outlined in Question 1) expressed a desire for a corporate paid card program in an effort to provide streamlined processes for users. Common view is there will be enterprise-wide efficiencies gained, in exchange for burden to the Centre's finance group.

Other Options:

- The “combination model”
 - there is a strong desire for standards
 - high occurrence of fraud (or erroneous) charges on the card would become complex for administrators (and individuals) to sort when business and personal expenses are blended
- The “mechanics” of Corporate Paid expenses versus “Individually Paid”
 - considering the strong support by interviewees to continue with a corporate card platform where airfare is centrally paid, the “mechanics” were explored with Scotiabank in their interview – to investigate any streamlining opportunities.

Common views identified through the interview process (in response to Parts d and e of this question) include:

ATM AND CARD LIMITS:

- Card and ATM cash access limits are generally appropriate on all cards, and can be modified very quickly by the card manager if required
- CC2 cardholders are generally nervous to have a high dollar credit limit card product in their possession (although recognize the limit is appropriate for their business)

SCOTIA'S WEB-BASED CARDMEMBER SITE:

- Not user friendly, bare bones information, and generally not relied on for any significant information (other than to forecast charges coming on next statement).
- Most use the electronic monthly statement and indicate it is all that is required – the on-line system doesn't add much value given the charges are available online in NavigatER for viewing.

Question #10 – At the time of contacting BTI Travel for your trip bookings, do you generally know the cost centre number (or budget number) where trip costs will be applied?

Conclusion: The majority of interviewees indicated they would NOT know the cost centre number at time of booking – but agreed they would know where to get it. However, a significant number of interviewees also indicate their cost centre number is often not determined until funding for a particular project is secured, therefore, does not exist at the time of contacting BTI.

The general view is there is risk in assuming this can be given at the time of booking with BTI. The sponsored traveller group may be an exception as their budget is embedded in their business process and the user is provided with the coding ahead of time.

- The background to investigate this information at the time of interviews is to explore the opportunity of comparing the BTI booked air transaction data file with the Corporate Card airfare transaction file. Some organizations “auto-match” these files to conduct the reconciliation of a centrally billed airfare account and prepare the coding for upload to the accounting system.

Question #11 – Is there anything else you feel we should be aware of?

Some interview candidates took this opportunity to express specific views about elements of the managed travel program (agency, card, or expense solution). Common themes expressed were:

- Card program benefits have not been well communicated.
- The “split payment” process was a *nightmare* and was not well consulted prior to implementation.
- “Necho NavigatER is very time consuming and slow.

End of Report